



Enacted 2014 Capital Budget Summary

*Money Matters 14.04
July 2014*

This paper summarizes the Capital Budget enacted by the Legislature and Governor Mark Dayton in the 2014 session. Part one provides an overview of the capital budget. Part two provides detailed project summaries organized according to the jurisdictions of the House of Representatives' fiscal committees.

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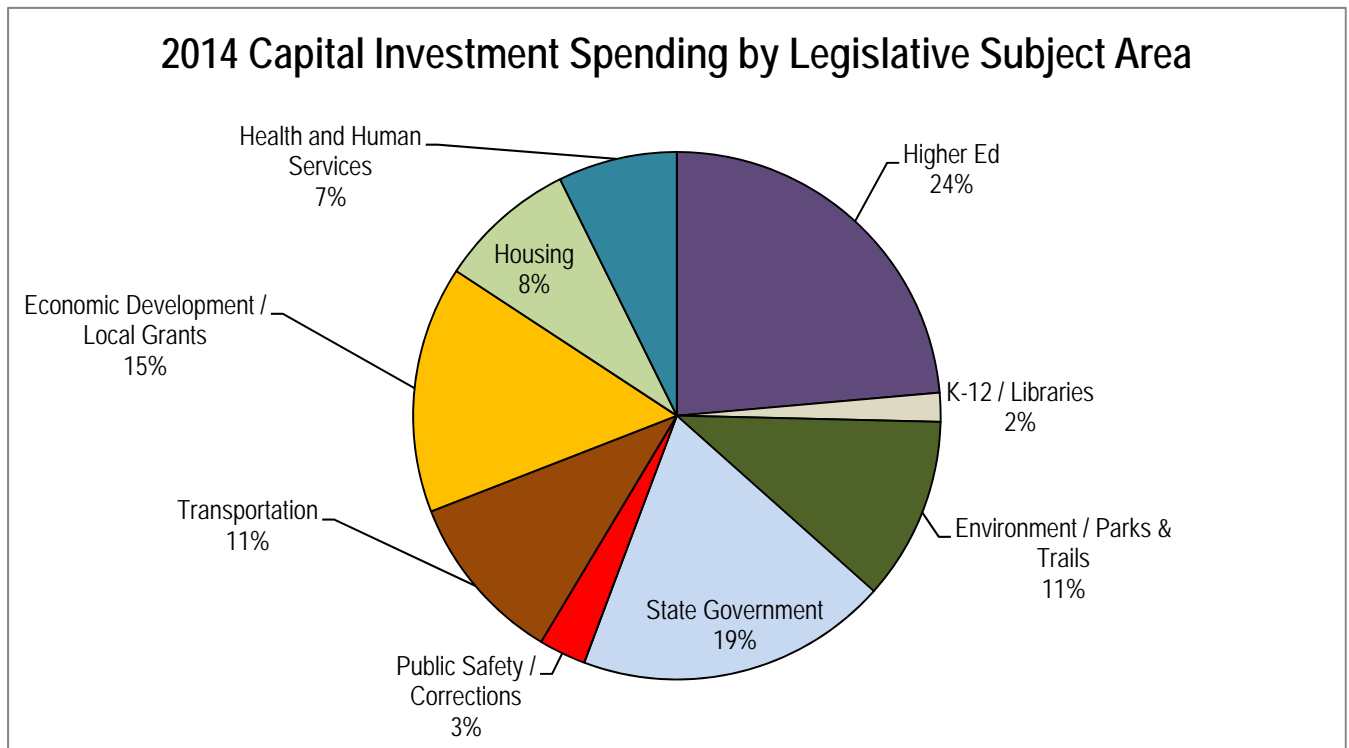
Fiscal Analysis Department
Minnesota House of Representatives

Capital Budget Overview

The Legislature authorized a total of \$1.18 billion between two Capital Investment bills in the 2014 legislative session. HF 2490, and HF 1068, were both signed into law without vetoes as Chapter 294 and Chapter 295 of 2014 session law. HF 2490 authorized \$857 million in General Obligation (GO) bonding and cancelled \$11 million in previously authorized GO bonding from prior sessions making the net GO bonding authorized \$846 million. HF 2490 also authorized \$39 million in MnSCU supported debt or user financing for campus demolition and expansion projects, and \$8 million in Trunk Highway Fund spending for supplemental appropriations for MnDOT highway projects. HF 1068 authorized \$199 million out of the State General Fund for capital projects in addition to the GO bonding authorized in HF 2490 and authorized the Minnesota Housing Finance Agency to sell \$80 million in General Fund supported appropriations bonds for housing projects that are not GO bond eligible. The table and chart below are summaries of spending in the Capital Investment bills.

Capital Investment Spending Summary		
All Amounts in Thousands (000s), figures may not add due to rounding		
Spending by Legislative Subject Area	Amount	% of Total
Higher Education	279,179	24%
K-12 / Libraries	20,845	2%
Environment / Parks & Trails	132,601	11%
State Government	226,312	19%
Public Safety / Corrections	34,136	3%
Transportation	124,006	11%
Economic Development / Local Grants	179,185	15%
Housing	100,000	8%
Health and Human Services	86,387	7%
Total Authorized	1,182,651	100%
Spending by Fund Types	Amount	% of Total
HF 1068		
General Fund (GF)	198,748	17%
MHFA Appropriations Bonds (MHFA)	80,000	7%
HF 2490		
General Obligation (excludes TF and MES) (GO) *	814,745	69%
User Financing (UF)	39,104	3%
Transportation Fund (TF) (GF Supported) *	36,613	3%
Maximum Effort School Loan (MSE) (GF Supported) *	5,491	0%
Trunk Highway Fund	7,950	1%
Total	1,182,651	
GO Cancellations *	-10,849	

*GO bonding, Transportation Fund, and Maximum Effort School Loan make up the State General Fund backed portion of GO debt authorized in the bonding bill, which is reduced by the cancellations in previous authorizations, which nets out to \$846 million.



Typically state government related projects are a smaller share of the overall capital projects, but this year the State Capitol renovation project was funded at \$126 million or about 10 percent of total capital spending in both HF 2490 and HF 1068. The \$126 million was in addition to \$109 million authorized in 2013 and \$44 million authorized in 2012 for the State Capitol restoration and tunnels. The largest area receiving capital funding was Higher Education, with 24 percent of the total between HF 2490 and HF 1068. Higher Education bonding is split between the Minnesota State College and University System (MnSCU), receiving \$159.8 million in GO and User Financed bonding, and the University of Minnesota, receiving \$119.3 million in GO bonding.

Another large project funded in the state government area was the Lewis and Clark water project in Rock and Nobles counties funded through the Public Facilities Authority (PFA) in HF 1086. Because of issues surrounding the ability to issue bonds for the water project, the funding was out of the State General Fund, rather than as GO bonding. HF 1068 allocated \$22 million for the water project, not the entire approximately \$69 million needed for the entire project. The remaining portion of the project will be funded from local sources and an aid from the state authorized in the second Tax Bill, HF 3167 (Chapter 308).

Types of State Debt and History of Bond Authorizations

State debt authorizations have varied in size and composition over the past decade. General Obligation (GO) debt requires a three fifths majority of both the House and the Senate to authorize, and typically receives the most favorable interest rates of state debt when sold on the

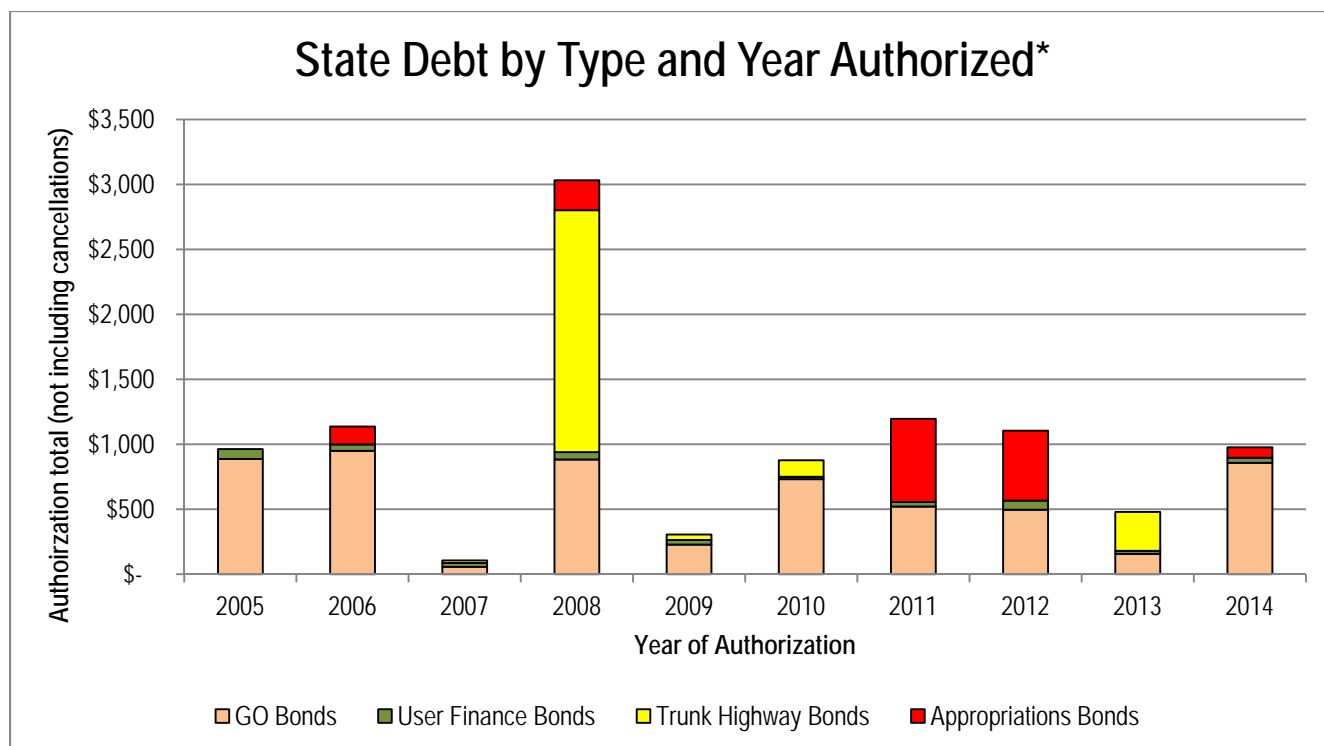
bond market, and is supported by the State General Fund. User Financing backed bonding are GO bonding that are paid for not by the General Fund but by another revenue stream, in HF 2490 by MnSCU. However if the other revenue stream failed the bonds are ultimately backed up by the State General Fund. GO bonding is constitutionally secured by the full faith and credit of the state, which authorizes the State Auditor to levy a statewide property tax to pay debt service on GO bonding should the legislature appropriate insufficient funds to pay debt service.

General Obligation bonding authorizations have varied in size over the past decade, but tend to be approximately \$1 billion over a biennium. One exception to this is in 2004 when a bonding bill failed to pass, and in the next biennium the legislature authorized about \$2 billion in GO bonding over the 2005 to 2006 legislative sessions.

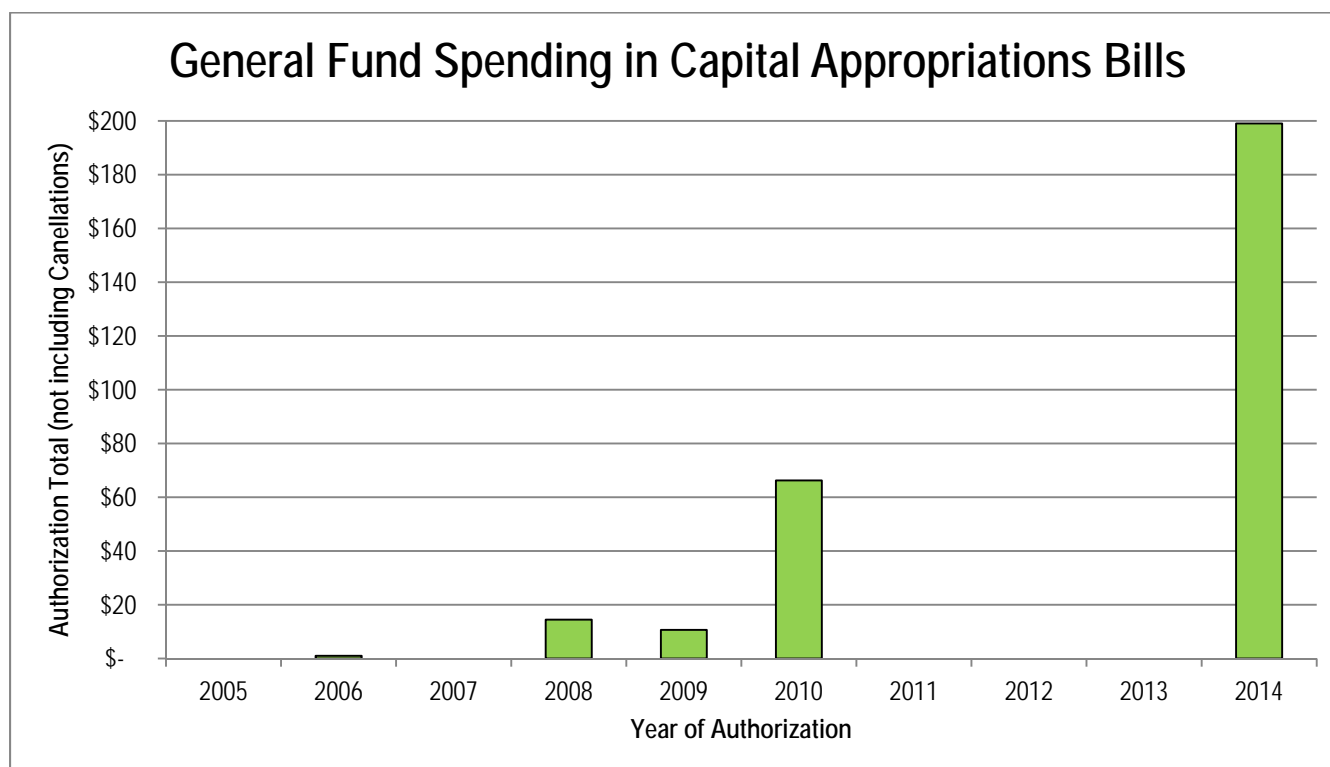
Trunk Highway bonding does not require a three fifths majority of both legislative bodies to be enacted, and it can only be used on the Trunk Highway system (roads under the jurisdiction of the state). Trunk Highway bonds are paid for by the dedicated highway user taxes, the Gas Tax, the Motor Vehicle Registration Tax (tab fees), and the Motor Vehicle Sales Tax. GO bonding cannot be used on the Trunk Highway system. The largest authorization for Trunk Highway bonding in the last ten years was in 2008 for \$1.8 billion as part of overall transportation bill that also raised the motor fuels tax eight cents.

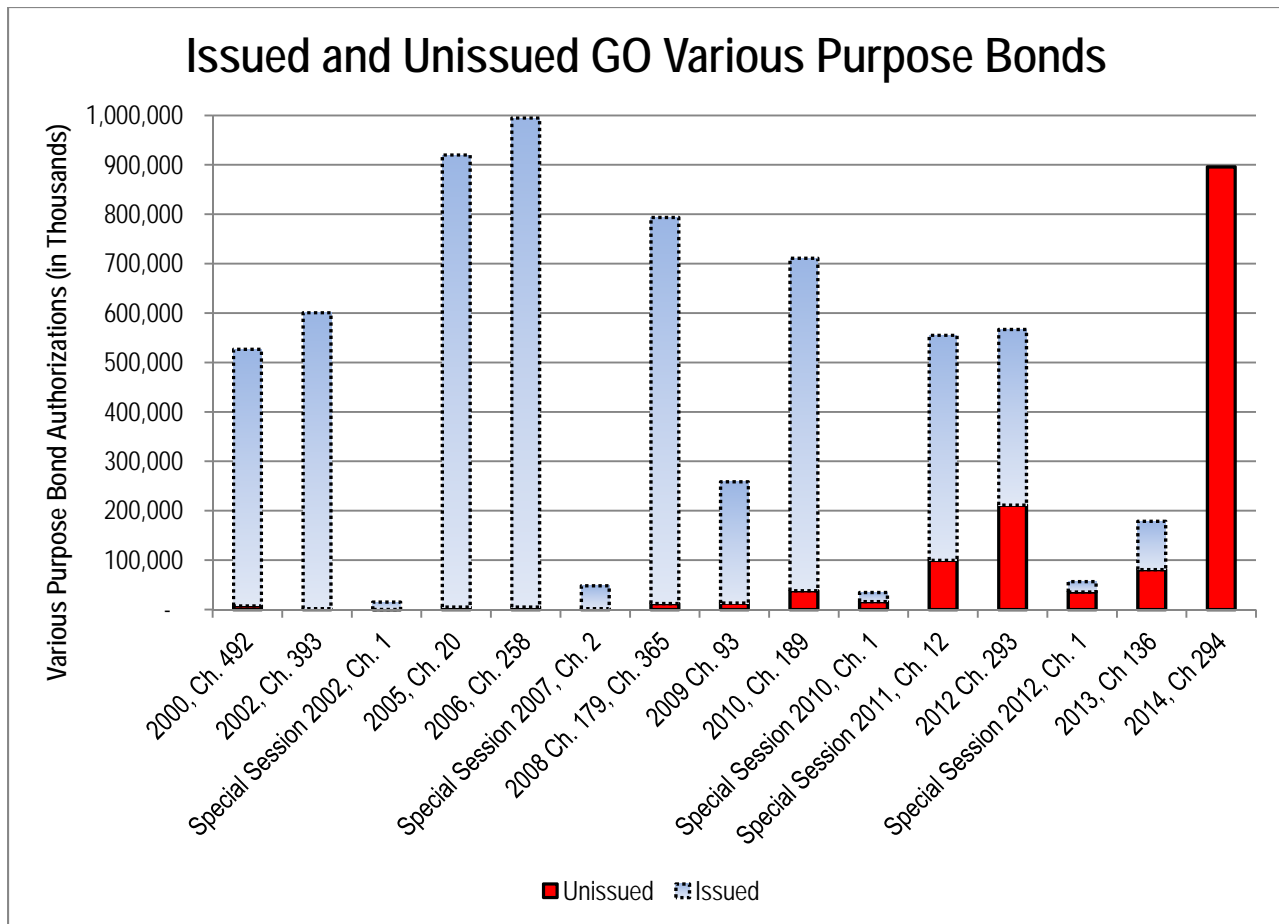
Appropriations bonds are debts that can be authorized by a simple majority of the legislature, and can be issued by other entities or the state, and are typically financed by the State General Fund, but are not secured by the full faith and credit of the state. The first examples of appropriations bonding were in 2006 and 2008 for the University of Minnesota for TCF stadium and the Bio Sciences District on the Twin Cities Campus. The University sold the bonds and the State General Fund pays the University for the debt service, this is similar to the MHFA housing bonds authorized in 2008, 2012, and 2014. The two largest appropriations bond authorizations were for the Vikings Stadium in 2012, at just under \$500 million for both the State and Minneapolis's share of the project, and the Tobacco Securitization bonds in 2011 for about \$640 million. Tobacco Securitization bonds were originally revenue bonds, which did not count against the state's debt capacity but carried a high interest rate, so in 2012 the Tobacco Securitization bonds were resold as General Fund Appropriation Refunding bonds, which had a lower interest rate than revenue bonds but counted against the state's debt limit.

The first two charts on the following page show the amounts authorized in General Obligation bonding, Trunk Highway bonds, Appropriations bonds, and General Fund spending on capital appropriations for the past ten years. The final cart shows the how much of the bonding authorized since 2000 was issued and how much is still un-issued.



*Not included in this chart are lease purchase agreements for the Department of Human Services, Agriculture, and Health buildings, authorized with the St. Paul Port Authority in 2002. Also not included is the New Legislative Office Building authorized in 2013, the SWIFT state budget system certificates of participation or Bemidji BCA facility, all of which count in the state's debt management guidelines.





*Does not include cancellations, Source: MMB

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 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 One: Total tax-supported principal outstanding shall be 3.25 percent or less of total state personal income.
- Guideline Two: 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 Three: 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.

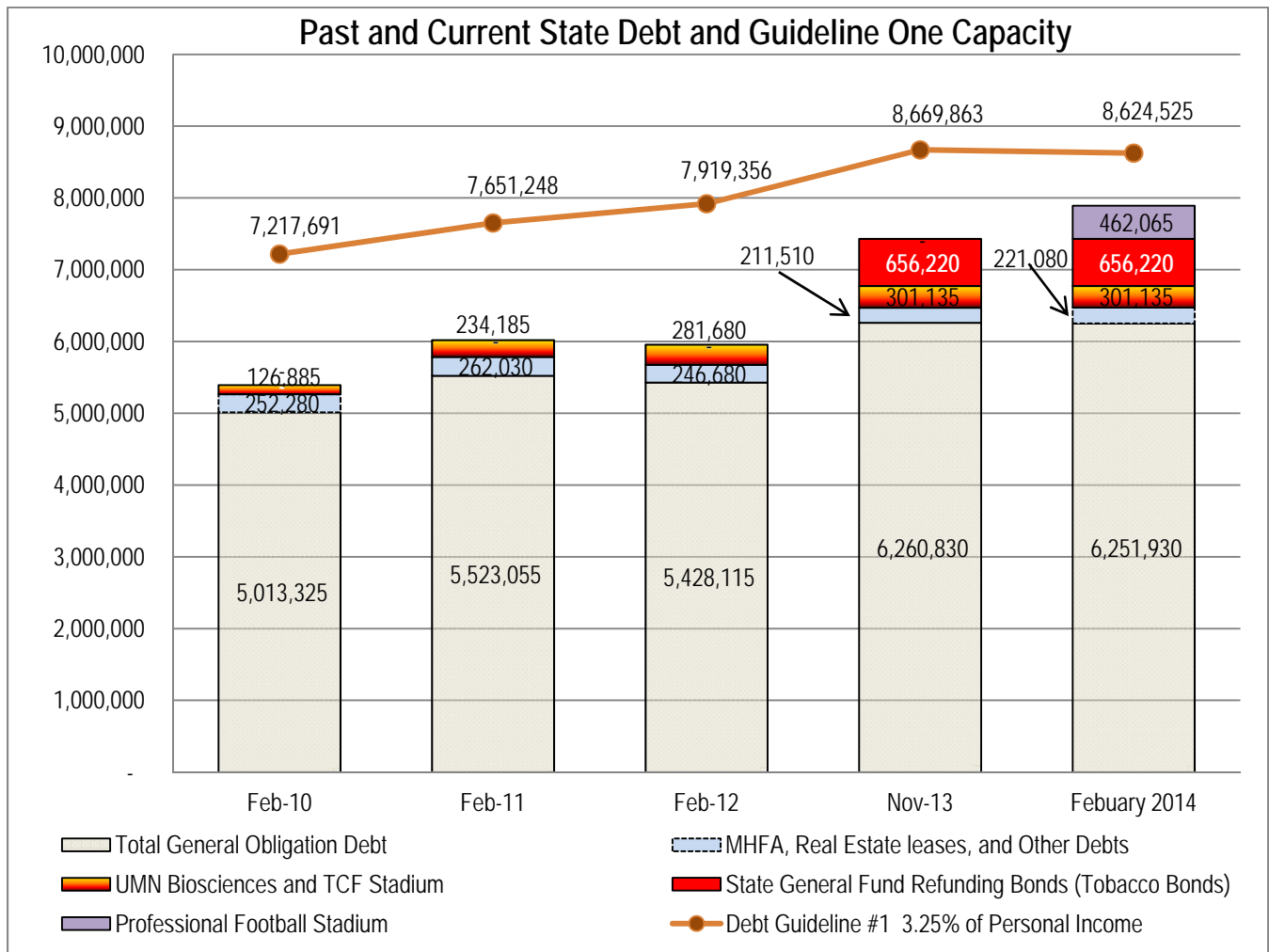
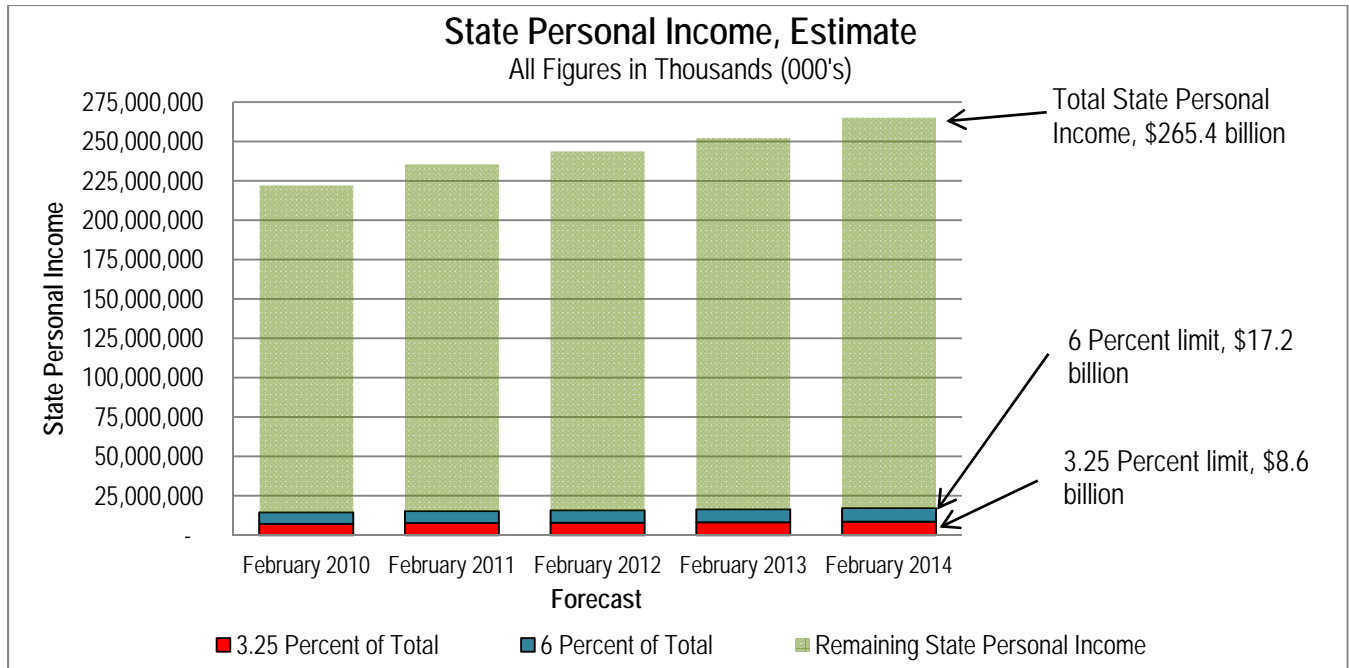
The capacity for Guidelines 1 and 2 is calculated with every November and February budget forecasts, and are point in time figures.

Debt Capacity

Debt capacity is an estimation of how much the state can borrow based on its current guidelines. Based on the February 2014 forecast, Minnesota has approximately \$9.468 billion in total principal outstanding (both issued and authorized but unissued) for state general fund supported debt. Of this amount, \$1.575 billion in principal is authorized but unissued, leaving about \$4.654 billion in capacity for debt guideline 2. The total principal general fund supported debt outstanding was \$7.892 billion, leaving about \$732 million in capacity for debt management guideline 1. This is less than the \$846 million in net new GO bonding, and \$80 million in MHFA bonding authorized in HF 1068 and HF 2490. However, not all of the debt authorized will be issued immediately. MMB estimates that only about 15 percent of a bonding authorization will be issued (and be part of a bond sale) in the first year after authorization.

The debt management guideline 1 capacity **is not** guidance to the legislature on the maximum size of a GO bonding bill the legislature can authorize and stay below the guideline 1 limit on principal of issued tax supported debt. Under some circumstances the legislature could authorize bills larger than guideline 1 capacity, and not reach the limit immediately, or the legislature could pass a bill smaller than guideline 1 capacity, and if there was a severe recession or enough previously authorize but unissued debt moved into guideline 1, the state could still exceed the limit. In other words Guideline 1 is relevant to when bonds are sold not when they are authorized by the legislature.

Below are charts showing the relative size of total state personal income and the debt limits, and the composition of state debts currently authorized and issued as they relate to the guideline one limit.



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 the level of 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 Andrew Lee, House Fiscal Analysis Department at 651-296-4181 or Andrew.lee@house.mn.

Education

For the 2014 Legislative session, the Legislature adopted five capital projects in the Education Finance area, totaling \$22.8 million. All of the projects in this area are funded with General Obligation bonds. The projects include:

Education Finance Committee 2014 Capital Budget Appropriations <i>(all dollars in thousands)</i>		
Projects by Agency	Enacted	
Education		
Red Lake School	\$	5,491
Library Construction Grants	\$	2,000
Minnesota State Academies		
Asset Preservation	\$	700
New Dormitory	\$	10,654
Perpich Center for Arts Education		
Asset Preservation	\$	2,000
Total	\$	20,845

Education

\$5.5 million to the Red Lake School District, for design and construction of a single kitchen and cafeteria to serve the middle and high schools. This appropriation is from the maximum effort school loan fund.

\$2 million to the Commissioner of Education for library construction grants. \$877,000 of this amount is set aside for three specific projects, \$570,000 to the City of Jackson, \$257,000 to the City of Perham, and \$50,000 to the City of Bagley. Each of these grants must be matched with non-state funds. The remaining grant funds will be awarded based on criteria set forth by the Commissioner of Education.

Minnesota State Academies for the Deaf and Blind

\$700,000 for asset preservation. Projects on the Academies' list for asset preservation generally fall into the code compliance and deferred maintenance categories.

\$10.65 million for construction of a new residence hall for boys on the Minnesota State Academy for the Deaf campus, in Faribault, Minnesota. Funding for demolition of the existing dormitory, Frechette Hall, is included.

Perpich Center for Arts Education

\$2 million for asset preservation. Projects on the Center's list for asset preservation generally fall into the code compliance and deferred maintenance categories.

For further information on education finance issues contact Melissa Johnson, House Fiscal Analysis Department at 651.296.4178, Melissa.Johnson@house.mn.

Environment, Natural Resources and Agriculture

The 2014 capital budget funded general obligation bond appropriations of \$135.6 million and \$15.3 million of General Fund Cash for projects under the jurisdiction of the Environment, Natural Resources and Agriculture Finance Committee.

Environment, Natural Resources and Agriculture Finance 2014 Capital Budget Appropriations <i>(all dollars in thousands)</i>		
Projects by Agency	GO Bonds	Cash
Department of Natural Resources		
Asset Preservation	\$ 10,000	\$ -
Flood Hazard Mitigation	\$ 4,500	\$ 7,500
Dam Repair/Reconstruction/Removal	\$ 6,500	\$ -
Vermillion State Park Development	\$ 14,000	\$ -
RIM Critical Habitat Match	\$ 2,000	\$ -
Fish Hatchery Improvements	\$ 2,000	\$ -
Reforestation and Stand Improvement	\$ 2,963	\$ -
Trails Acquisition and Development	\$ 17,667	\$ -
Central Minnesota Regional Parks	\$ 500	\$ -
Fort Snelling Upper Post, Paths	\$ 500	\$ -
Red River Recreation Area	\$ 250	\$ -
Fountain Lake Restoration	\$ -	\$ 7,500
Lake Zumbro Reclamation	\$ 500	\$ -
Grant County Trail-Elbow Lake to Pomme de Terre Lake	\$ 100	\$ -
Buildings and Facilities Development	\$ 2,000	\$ -
Total Department of Natural Resources:	\$ 63,480	\$ 15,000
Department of Agriculture		
Agriculture Lab Sample Storage Room	\$ 203	\$ -
Aitkin County Fairground Food Services Building	\$ -	\$ 325
Total Department of Agriculture:	\$ 203	\$ 325
Pollution Control Agency		
Capital Assistance Program	\$ 2,625	\$ -
Total Pollution Control Agency:	\$ 2,625	\$ -

Environment, Natural Resources and Agriculture Finance 2014 Capital Budget Appropriations <i>(all dollars in thousands)</i>		
Projects by Agency	GO Bonds	Cash
Board of Water and Soil Resource		
Reinvest in Minnesota (RIM)	\$ 6,000	\$ -
Local Government Roads and Wetlands Replacement Program	\$ 2,000	\$ -
Total Board of Water and Soil Resources:	\$ 8,000	\$ -
Minnesota Zoological Gardens		
Asset Preservation/Exhibit Renovation	\$ 12,000	\$ -
Heart of the Zoo II	\$ 18,333	\$ -
Total Minnesota Zoological Gardens:	\$ 30,333	\$ -
Metropolitan Council		
Metropolitan Council Regional Parks	\$ 4,000	\$ -
Inflow and Infiltration	\$ 2,000	\$ -
Inver Grove Heights, Heritage Village Park	\$ 2,000	\$ -
Springbrook Nature Center	\$ 5,000	\$ -
Minneapolis, Sculpture Garden Drainage Control	\$ 8,500	\$ -
St. Paul-Como Regional Park Access	\$ 5,400	\$ -
Maplewood-Fish Creek Trail	\$ 318	\$ -
Oakdale-Mud Lake Trail and Boardwalk-ADA	\$ 150	\$ -
Washington County-Hastings Bridge Trail Connection	\$ 1,600	\$ -
West St. Paul, North Urban Regional Trail Bridge	\$ 2,000	\$ -
Total Metropolitan Council:	\$ 30,968	\$ -
Total	\$ 135,609	\$ 15,325

The following is a summary by agency of the Environment, Natural Resources and Agriculture capital projects funded in Chapters 294 and 295.

Department of Natural Resources

- **Asset preservation.** \$10 million is for the renovation and repair of DNR facilities. The facilities may include buildings, trails, roads, bridges, public water access sites, water

control structures and other capital assets to ensure the continued functionality and safety of the facilities.

- **Flood hazard mitigation grants.** \$4.5 million from GO bonds and \$7.5 million from General Fund cash are for state cost sharing grants to local units of government to implement measures to reduce or eliminate future flood damages.
- **Dam repair, reconstruction and removal.** \$6.5 million is for repair and renovation of dams. This appropriation includes \$2.75 million for the Champlin Mill Pond Dam, \$2.4 million for the Rapidan Dam, and \$1.35 million for the Lake Byllesby Dam.
- **Lake Vermillion State Park development.** \$14 million is for the development of the Lake Vermillion State Park.
- **Reinvest In Minnesota (RIM).** \$2 million is for the state match for critical habitat acquisition. This appropriations must be used for fee title acquisition.
- **Fish hatchery improvements.** \$2 million is for improvements to fish hatcheries owned by the state of Minnesota and to provide system upgrades to prevent the spread of invasive species and pathogens.
- **State forest land restoration.** \$2.96 million for reforestation activities including planting, seeding, site preparation, and timber stand improvement.
- **State trail acquisition and development.** \$17.7 million is to be used for acquisition and development projects in the state park and trail system. Included in this appropriation are sections of the Blazing Star Trail, Camp Ripley/Veterans Trail, Cuyuna Lakes Trail, Gateway Trail, Gitchi-Gami Trail, Glacial Lakes Trail, Goodhue Pioneer Trail, Heartland Trail, Luce Line Trail, Mills Towns Trail, Minnesota River Trail, Minnesota Valley Trail and the Shooting Star Trail.
- **Central Minnesota regional parks.** \$500,000 is for the acquisition of 68 acres of land along the Sauk River.
- **Fort Snelling upper post, paths.** \$500,000 is to design and construct bicycle and pedestrian paths connecting to the light rail transit station.
- **Red River Recreation Area.** \$250,000 is for improvement of utilities at the Red River Recreation Area in the city of East Grand Forks.
- **Fountain Lake restoration.** \$7.5 million from General Fund cash is for a grant to Shell Rock River Watershed District for sediment removal and cleanup of Fountain Lake
- **Lake Zumbro restoration.** \$500,000 is for the removal of sediment in Lake Zumbro. This appropriation requires at least an equal match from non-state funds.

- **Grant County trail grant.** \$100,000 is for predesign, acquisition and improvements for a trail from the City of Elbow Lake to Pomme de Terre Lake.

Agriculture Department

- **Agriculture lab sample storage room.** \$203,000 is to design and reconstruct and equip the feed storage and grinding rooms at the Agriculture Laboratory. This will help to ensure the accuracy of the testing and to improve the level of lab certification.
- **Aitkin County fairground food services building.** \$325,000 from General Fund cash is for the design and construction of a shared food services building that can be separated into three smaller food preparation areas.

Pollution Control Agency

- **Capital assistance program.** \$2.6 million is to design and construct a waste transfer facility and a material recovery facility in Becker County.

Board of Water and Soil Resources

- **RIM critical habitat match.** \$6 million to match private donations to fund the cost of acquiring easements and improving fish, wildlife and native plant habitats for the Reinvest in Minnesota program.
- **Wetland restoration due to public roads project.** \$2 million to acquire land for wetland restoration or preservation to replace wetlands drained or filled as a result of road projects.

Minnesota Zoological Gardens

- **Asset preservation.** \$4 million for asset preservation projects at the Zoo. This appropriation may also be used for the Discovery Bay exhibit.
- **Heart of the Zoo.** \$5 million is for the design, renovation, extension and repair of the upper and lower plazas and for the design of the Heart of the Zoo II project.

Metropolitan Council (parks and wastewater projects)

- **Metropolitan Regional Parks.** \$4 million for the council's capital improvements program. Funds are used to acquire and improve the metro regional parks system.
- **Municipal wastewater systems – inflow and infiltration grants.** \$2 million for grants to metropolitan cities for capital improvements in municipal wastewater collection systems to reduce the amount of inflow and infiltration to the Council's sanitary sewer disposal system.
- **Inver Grove Heights-Heritage Village Park.** \$2 million is for a grant to Inver Grove Heights for infrastructure improvements and land acquisition in and adjacent to the Heritage Village Park, Mississippi River Trail, and the Rock Island Swing Bridge.
- **Springbrook Nature Center.** \$5 million is for a grant to the city of Fridley to predesign, design, construct, furnish and equip the redevelopment of the Springbrook Nature Center.
- **Minneapolis Sculpture Garden drainage control.** \$8.5 million is for improving irrigation, drainage, the parking lot, security, granite substructures, concrete and fixtures in order to improve accessibility and reduce maintenance costs.
- **St. Paul-Como Regional Park access.** \$5.4 million is to predesign, design and construct improvements for access and circulation.
- **Maplewood-Fish Creek Trail.** \$318,000 is for acquisition and development of 70 acres of land along Fish Creek to be included in the Fish Creek Natural Greenway.
- **Oakdale-Mud Lake trail and boardwalk.** \$150,000 is to construct a floating boardwalk and pave two trails at Oakdale Nature Preserve.
- **Washington County-Hasting Bridge trail connection.** \$1.6 million is to design and construct pedestrian and bicycle trail crossings and connections at the site of the highway 61 bridge over the Mississippi.
- **West Saint Paul-North Urban Regional Trail Bridge.** \$2 million is to predesign, design and construct a pedestrian bridge over Robert Street in the area near Wentworth Avenue in West Saint Paul.

For further information on Environment, Natural Resources and Agriculture finance issues contact Brad Hagemeyer, House Fiscal Analysis Department at 651.296.7165, brad.hagemeyer@house.mn

Human Services

The 2014 Legislature authorized \$86.4 million in general obligation bonds for nine projects within the jurisdiction of the Human Services Finance committee.

Human Services: 2014 Capital Budget Appropriations			
(all dollars in thousands)			
Projects by Agency	Fund		Enacted
Department of Human Services			
MN Security Hospital - Design, Construct, Remodel	GO	\$	56,317
MSOP (St. Peter) - Design, Remodel/Construct	GO	\$	7,405
System-wide Asset Preservation	GO	\$	3,000
Early Childhood Learning Facilities	GO	\$	6,000
Harriet Tubman Center East, Maplewood	GO	\$	720
St. David's Center, Hennepin County	GO	\$	3,750
St. Louis County, Arrowhead Economic Opportunity Agency	GO	\$	3,000
St. Paul, Dorothy Day Center	GO	\$	6,000
Remembering with Dignity	GO	\$	195
Total General Obligation Bonding (GO)	GO	\$	86,387
Total		\$	86,387

Department of Human Services

- Minnesota Security Hospital:** Chapter 294 appropriates \$56.3 million for phase one of a two phase project to substantially renovate existing, and develop new, residential and program facilities at the Minnesota Security Hospital in St. Peter. Current funding is for hazardous materials abatement, demolition, to complete design and to construct, furnish and equip phase one of the project. Any unspent funds are available to be used on the second phase of the total project.
- Minnesota Sex Offender Program:** \$7.4 million is appropriated for improvements at the sex offender program campus in St. Peter. The funds are for the first phase of a three phase project and can be used to design, renovate, construct, furnish and equip the west

wing of the Green Acres building and the east wing of the Sunrise building. Funds are also to design through construction documents the renovation of the Bartlett building and to design and perform hazardous materials abatement in the Green Acres and Sunrise buildings.

- **System-wide Asset Preservation:** \$3 million is appropriated for various asset preservation projects state-wide.
- **Early Childhood Learning Facilities:** \$6 million is appropriated for facilities grants to political subdivisions for early childhood facilities. These grants will 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. Chapter 294 also specifies that one grant may be made for up to \$1 million for an individual facility and separately authorizes \$3 million of the appropriation to be used to design, renovate and equip the early childhood learning center at the YWCA in Minneapolis. Funding for this project must also be matched by non-state sources.
- **Harriet Tubman Center:** \$720,000 is appropriated for a grant to the City of Maplewood to finish renovation and equipping of the Harriet Tubman Center East, a collaborative service center providing shelter for victims of violence and exploitation and their families, legal and mental health services and community education services. This grant does not require a non-state match.
- **St. David's Center:** \$3.75 million is appropriated for a grant to Hennepin County to acquire land, design, construct, equip and furnish an expansion and renovation of the St. David's Center for Child and Family Development. Bill language requires the center to provide early childhood education and respite care, children's mental health services, pediatric rehabilitative therapies for children with special needs, support services for persons with disabilities, foster care placement and other interventions for children at risk for poor developmental outcomes or maltreatment. This appropriation requires a non-state match.
- **Arrowhead Economic Opportunity Agency:** \$3 million is appropriated for a grant to St. Louis County to design an office facility in the City of Virginia to house the Arrowhead Economic Opportunity Agency and the Range Mental Health Center. Funds may also be used for land acquisition and site preparation and do not require a non-state match.
- **Dorothy Day Center:** \$6 million is appropriated for a grant to the City of St. Paul to acquire land, design, construct, furnish and equip an emergency shelter. The language specifies the appropriation does not include funding for a housing facility and does not require a non-state match.

- **Remembering with Dignity:** \$195,000 is appropriated to continue providing markers or monuments for unmarked graves of deceased residents of state hospitals or regional treatment centers.

For additional information on human services finance issues, contact Doug Berg at 651-296-5346 or Doug.Berg@house.mn.

Higher Education

The Legislature approved a total of \$279.8 million in general obligation bonds for 21 projects under the jurisdiction of the Higher Education Committee. Of this amount, \$39.104 million of the bonds are user-financed, meaning the agency (in this case, MN State Colleges and Universities and the University of Minnesota) will be responsible for paying back a portion of the project cost – usually, a third of the total. The following is a summary by agency of the higher education capital projects appropriated in Chapter 294.

Higher Education Finance: 2014 Capital Budget Appropriations (all dollars in thousands)		
Projects by Agency	Fund	Enacted
MN State College and Universities		
Higher Education Asset Preservation and Replacement (HEAPR)	GO	\$ 42,500
Metropolitan State, Science Education Center	GO/UF	\$ 35,865
Bemidji SU, building Renovation, Demolition and Design	GO/UF	\$ 13,790
Lake Superior College, Allied Health Revitalization Renovation	GO/UF	\$ 5,266
MCTC, Workforce Program Phase Two Renovation	GO/UF	\$ 3,600
St. Paul College, Initiatives	GO/UF	\$ 1,500
Minnesota State College, SE Technical - Initiatives	GO/UF	\$ 1,700
Central Lakes College, Staples, Campus Rightsizing	GO/UF	\$ 4,234
MSU Mankato, Clinical Sciences Facility	GO/UF	\$ 25,818
Moorhead CTC, Transportation Center	GO/UF	\$ 6,544
Rochester CTC, Design, Post-demolition	GO/UF	\$ 1,000
Century College, Initiatives	GO/UF	\$ 2,020
Northland CTC, TRF Aviation Maintenance Facility	GO/UF	\$ 5,864
NHED Itasca, Hibbing, Rainy River, Vermilion, Initiatives	GO/UF	\$ 3,344
Winona State University, Education Village	GO/UF	\$ 5,902
St, Cloud SU Student Health and Academic Renovation	GO/UF	\$ 865
University of Minnesota		
Higher Education Asset Preservation and Replacement (HEAPR)	GO	\$ 42,500
Minneapolis, Tate Laboratory Renovation	GO	\$ 56,700
Crookston, Wellness Center	GO	\$ 10,000
Research Laboratory Improvement Fund	GO	\$ 8,667
UMD Chemical Sciences and Advanced Materials Building	GO	\$ 1,500
Total		\$279,179

Minnesota State Colleges and Universities

As enacted, Chapter 294 includes a total of \$159.8 million in general obligation bonding for the following 16 projects:

- **Asset Preservation.** \$42.5 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.
- **Metropolitan State, Science Education Center.** \$35.8 million for construction of a dedicated science education center as well as renovation of additional space.
- **Bemidji State University.** \$13.79 million for renovation and renewal of Memorial and Decker Hall, demolition of Sanford Hall and conversion of underutilized gym space into classrooms.
- **Lake Superior College, Allied Health Revitalization Renovation.** \$5.2 million to reconfigure, remodel and renovate classrooms and labs in the Allied Health and Sciences programs.
- **Minneapolis CTC, Workforce Program Phase Two Renovation.** \$3.6 million for the renovation of 90,000 gross square feet campus wide.
- **St. Paul College, Initiatives.** \$1.5 million to design, renovate, furnish and equip space to meet workforce training needs.
- **Minnesota State College, SE Technical – Initiatives.** \$1.7 million for renovations in welding and science classrooms.
- **Central Lakes College, Staples, Campus Rightsizing.** \$4.2 million to renovate, reconfigure and renew the main campus to improve overall space utilization, efficiency and sustainability/expansion of academic programs, services and facilities.
- **MSU Mankato, Clinical Sciences Facility.** \$25.8 million to design a clinical sciences facility and renovate existing space.
- **Moorhead CTC, Transportation Center.** \$6.5 million to expand the transportation center due to growth in enrollment.
- **Rochester CTC, Design, Post-demolition.** \$1 million for design and construction of relocated space on campus to coincide with the demolition of Memorial and Plaza Halls.
- **Century College, Initiatives.** \$2 million to fully renovate underutilized kitchen space into two new technology classrooms and three revitalized classrooms with updated technology.

- **Northland CTC, TRF Aviation and Maintenance Facility.** \$5.9 million to renovate space and facilities to meet the needs of future aviation programs.
- **NHED Itasca, Hibbing, Rainy River, Vermilion, Initiatives.** \$3.3 million to design, renovate, furnish and equip space to meet workforce training needs. An obsolete portion of the building will be demolished.
- **Winona State University, Education Village.** \$5.9 million to renovate faculty offices, classrooms, student labs and observation rooms.
- **St. Cloud SU Student Health and Academic Renovation.** \$865,000 to co-locate four student health services programs into a facility that is currently not in use.

University of Minnesota

As enacted, Chapter 294 includes a total of \$119.4 million in general obligation bonding for the following 5 projects:

- **Asset Preservation.** \$42.5 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, Tate Laboratory Renovation.** \$56.7 million for upgrades to the historic 1926 Tate Laboratory of Physics for continued use by the College of Science and Engineering. The renovation will upgrade the existing instructional labs, classrooms, HVAC and electrical infrastructure.
- **Crookston Wellness Center.** \$10 million for new usable space and renovation of Lysaker Gymnasium and the Sports Center. A new/updated facility is expected to allow the campus to meet recruitment and enrollment goals.
- **Research Laboratory Improvement Fund.** \$8.7 million to improve and upgrade laboratory facilities, replace an obsolete bee laboratory and fund improvements in the invasive species research center.
- **UMD Chemical Sciences and Advanced Materials Building.** \$1.5 million to conduct pre design and design of a new building on the Duluth campus to support faculty and students in the Departments of Chemistry and Biochemistry, and advance the emergent Material Science and Engineering Program.

For further information on Higher Education finance issues contact Ken Savary, House Fiscal Analysis Department at 651.296.7171, Ken.Savary@house.mn

Public Safety and Judiciary

For the 2014 Legislative session, the Legislature adopted nine capital projects under the jurisdiction of the Public Safety, Crime Prevention and Judiciary Finance Committees. These projects totaled \$15.9 million in general obligation bond authorizations and \$18.2 million in general fund cash. The list included three state related items and six local projects.

Public Safety, Crime Prevention and Judiciary 2014 Capital Budget Appropriations <i>(all dollars in thousands)</i>	
Projects by Agency	Enacted
Department of Corrections	
Department Wide Asset Preservation	\$ 5,500
Shakopee Perimeter Fence	\$ 5,381
Northeast Regional Correctional Center (NERCC)	\$ 1,000
St Cloud New Intake Facility	\$ 18,000
Department of Public Safety	
Cottage Grove Regional Public Safety Facility	\$ 1,460
Maplewood East Metro Public Safety Center	\$ 1,650
Montgomery Public Safety Facility	\$ 220
St Louis County Sheriff's Rescue and Storage Facility	\$ 700
Cyrus Public Safety Building	\$ 225
Total	\$ 34,136

Department of Corrections

\$5.5 million for asset preservation. This appropriation will fund repairs and deferred maintenance at the State's ten prison facilities.

\$5.4 million to install a perimeter fence around the women's correctional facility in Shakopee. The facility has never before had an external barrier and escapes have become an increasing issue.

\$1 million for a grant to the Arrowhead Regional Corrections Joint Powers Board for asset preservation improvements and betterments of a capital nature at the Northeast Regional Correctional Center (NERCC).

\$18 million of general fund cash to construct an addition to the St. Cloud prison for a new intake center and loading dock facilities.

Department of Public Safety

The Legislature included five local projects that will be funded through the Department of Public Safety as the fiscal agent. The projects include the following:

\$1.5 million for a Cottage Grove Public Safety Training Facility.

\$1.65 for an East Metro Public Safety Training Facility in Maplewood.

\$220,000 for a Public Safety Facility in Montgomery.

\$700,000 for a St. Louis County Sheriff's Rescue and Storage Facility.

\$225,000 from general fund cash for a Public Safety Building in Cyrus.

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.

State Government

The 2014 Legislature authorized \$225.4 million for bonding projects within the jurisdiction of the State Government Finance committee. Chapter 294 authorizes \$199 million in general obligation bonds for 19 projects, and Chapter 295 appropriates \$26.4 million from the general fund (cash) for six projects.

State Government Finance: 2014 Capital Budget Appropriations (all dollars in thousands)		
Projects by Agency	GO Bonds	Cash
Administration		
State Capitol Restoration	\$ 126,300	\$ -
Statewide CAPRA	\$ -	\$ 1,000
Hmong Veterans Memorial	\$ 450	\$ -
Workers Memorial	\$ 250	\$ -
Total Administration:	\$ 127,000	\$ 1,000
MN Amateur Sports Commission (MASC)		
Southwest Regional Sports Center, Marshall	\$ 4,298	\$ -
National Sports Center Tournament Fields, Blaine	\$ 3,200	\$ -
National Sports Center Asset Preservation	\$ 475	\$ -
Mighty Ducks Air Quality Grants	\$ -	\$ 1,500
Total MASC:	\$ 7,973	\$ 1,500
MN Historical Society		
Oliver Kelley Farm Revitalization	\$ 10,562	\$ -
Historic Sites Asset Preservation	\$ 1,440	\$ -
County and Local Historic Preservation Grants	\$ -	\$ 1,400
Total MN Historical Society	\$ 12,002	\$ 1,400
Military Affairs		
Asset Preservation	\$ 2,000	\$ -
Brooklyn Park Addition / Renovation	\$ 1,244	\$ -
Total Military Affairs:	\$ 3,244	\$ -

State Government Finance: 2014 Capital Budget Appropriations (all dollars in thousands)			
Projects by Agency	GO Bonds		Cash
Public Facilities Authority			
State Matching Funds for USEPA Capitalization Grants	\$	12,000	\$ -
Wastewater Infrastructure Fund	\$	18,333	\$ -
Big Lake Sanitary District	\$	4,500	\$ -
Rice Lake - Water Main Replacement	\$	1,168	\$ -
Truman - Storm Water	\$	1,425	\$ -
Voyageurs Clean Water Project	\$	8,567	\$ -
Lewis & Clark Joint Powers Bd - Regional Water System	\$	-	\$ 22,000
Oslo - Water Mains, Sewer Study	\$	-	\$ 275
Total PFA:	\$	45,993	\$ 22,275
Veterans Affairs			
Asset Preservation	\$	2,000	\$ -
Minneapolis Deep Tunnel	\$	700	\$ -
North St. Paul Veterans Memorial	\$	100	\$ -
Edina Veterans Memorial	\$	-	\$ 225
Total Veterans Affairs:	\$	2,800	\$ 225
Total	\$	199,012	\$ 26,400

Administration

The Legislature approved \$128 million for four projects.

- Continue Capitol Restoration:** \$126.3 million is to continue the restoration of the Capitol. The Comprehensive Master Plan approved by the State Capitol Preservation Commission estimated the total funding needed for the restoration is \$272.7 million. Previous appropriations include \$37.4 million in the 2012 session (additional funds were also included for the tunnel under University Avenue), and \$109 million in the 2013 session. The restoration will continue in phases, and includes repairs to the facade, as well as modernization of the mechanical, electrical, plumbing, life-safety and telecommunications systems.¹ The restoration is planned to be substantially completed by the end of 2016.

¹ Additional detail on the Capitol Restoration project can be found on the project website: <http://mn.gov/admin/citizen/buildings-grounds/buildings/capitol/restoration/>

- **Statewide CAPRA (Capital Asset Preservation and Replacement Account):** \$1 million from the General Fund 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.

In addition to the repair and maintenance projects, the Legislature also approved funding for two memorials on the Capitol Mall:

- **Hmong Veterans Memorial:** \$450,000 to design and construct a memorial in the Capitol area to honor all Hmong-Lao veterans of the war in Laos who were allied with United States forces during the Vietnam War. The state funds are contingent on matching funds of \$150,000 from non-state sources.
- **Workers Memorial:** \$250,000 for improvements to the Minnesota Workers Memorial on the grounds of the State Capitol.

Minnesota Amateur Sports Commission (MASC)

The Legislature approved \$9.5 million for four projects:

- **Southwest Regional Sports Center in Marshall:** \$4.3 million to acquire land, design and construct a new facility with two ice sheet surfaces that can also be converted to volleyball or basketball courts. The center will also have 10 outdoor athletic fields. The state funds will be matched by local government and private funds, for a total estimated project cost of \$16.1 million.
- **National Sports Center Tournament Fields in Blaine:** \$3.2 million to acquire land, design and construct athletic fields, parking lots and other infrastructure needed for expansion of the tournament fields at the National Sports Center.
- **National Sports Center Asset Preservation:** \$475,000 for asset preservation projects including life safety improvements, emergency roof and wall repairs, and lighting system replacement.
- **Mighty Ducks Air Quality Grants:** \$1.5 million from the General Fund for grants to local governments to improve indoor air quality or eliminate R-22 in ice rinks. The grants are governed by the process established in Minnesota Statutes 240A.09 (as amended in the 2014 session).

Minnesota Historical Society

The Legislature approved \$13.4 million for three projects:

- **Oliver Kelley Farm Revitalization:** \$10.56 million to complete the design and renovation of this historic site. The project includes an expanded visitor center, and renovation of existing buildings to expand classroom and programmatic space.
- **Historic Sites Asset Preservation:** \$1.44 million is for preservation and restoration of historic structures, landscapes and buildings. 2014 priorities include exterior rehabilitation and interior stabilization work at Fort Snelling. Funds will also be used for life-safety projects, infrastructure upgrades, energy and security improvements, and other preservation projects statewide.
- **County and Local Historic Preservation Grants:** \$1.4 million from the General Fund for grants to counties and local jurisdictions as matching funds for historic preservation projects.

Military Affairs

The Legislature approved \$3.2 million 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 projects are:

- **Asset preservation:** \$2 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 \$36 million. The average age of the state's armory facilities is over 48 years.

Priority projects include the facilities at Litchfield, Albert Lea, and Rochester. The state funds will be matched by federal funds, with the percentage match determined by the specific scope of each project.

- **Brooklyn Park Renovation:** \$1.24 million to renovate existing space in the armory. If sufficient federal funds become available, the state appropriation may also be used to construct a 25,528 square-foot addition to provide administrative, training and personnel areas to meet current requirements and building codes. The estimated total project cost is \$10.6 million.

Public Facilities Authority (PFA)

The Legislature approved \$68.3 million for eight projects:

- **Matching Funds for Capitalization Grants:** \$12 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 \$60 million in federal EPA funds for the Clean Water Revolving Fund and the Drinking Water Revolving Fund in FY 2015-16.

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). The state and federal funds are used (along with loan repayments and PFA revenue bonds) to provide low-interest loans to local governments for these projects.

- **Wastewater Infrastructure Fund (WIF):** \$18.3 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. WIF funds are directed to the highest priority projects on the MPCA priority list, and are not awarded until projects are ready to start construction.
- **Big Lake Area Sanitary District:** \$4.5 million to acquire land and construct a pressure sewer system to convey sewage to the Western Lake Superior Sanitary District connection in Cloquet. This appropriation requires an equal match from non-state sources.
- **Rice Lake Township – Water Main Replacement:** \$1.2 million to design and construct a replacement water main and public infrastructure in part of Rice Lake Township. The appropriation is contingent on commitment of equal funds from non-state sources.
- **Truman – Storm Water Project:** \$1.4 million to design, construct and install new storm water lines to two areas of the city that experience flooding with heavy rains. The current storm water lines are undersized. The state dollars must be matched with equal funds from non-state sources.
- **Voyageurs National Park Clean Water Joint Powers Board:** \$8.6 million in total for two projects.
 - \$750,000 is for a grant to the Crane Lake Water and Sanitary District to construct a new sanitary sewer collection system and to expand existing systems.
 - \$7.8 million is for a grant to Koochiching County for the Island View sewer project. The funds will be used to acquire land and construct new sanitary sewer collection systems.
 - The appropriations for both of these projects are contingent on the commitment of equal amounts from non-state sources.

- Any funds remaining from these two projects may be used for the other project, or for the Ash River or Kabetogama projects in St. Louis County.
- **Lewis & Clark Joint Powers Board:** \$22 million from the General Fund to acquire land, design and engineer the facilities and infrastructure for Phase I of the regional water system project. The project will provide drinking water to areas of southwest Minnesota, including Luverne and Worthington, through a pipeline that will deliver water from the Missouri River in South Dakota. The state appropriation is only available when Minnesota Management and Budget (MMB) determines that the project will comply with all federal requirements and regulations, and that a non-state match of at least \$5 million is committed to the project.
- **Oslo Water Infrastructure Study:** \$270,000 in total from the General Fund for a water infrastructure study and Red River floodway hydraulic study for the Oslo area.

Veterans Affairs

The Legislature approved \$3 million for four projects at the Department of Veterans Affairs:

- **Asset Preservation:** \$2 million for renovation and upgrades to the over 50 buildings under control of the department. Projects are located at the five veterans homes (Minneapolis, Fergus Falls, Hastings, Luverne, and Silver Bay). Up to \$70,000 of this amount may be used for the Little Falls veterans cemetery.
- **Minneapolis Deep Tunnel:** \$700,000 to waterproof and provide structural repairs to the deep tunnel at the Minneapolis Veterans Home campus.
- **North St. Paul Veterans Memorial:** \$100,000 for a grant to design and construct a veterans memorial. The appropriation is contingent on an equal match from non-state sources.
- **All Veterans Memorial in Edina:** \$225,000 from the General Fund is for a grant to design and construct the All Veterans Memorial. The appropriation is contingent on an equal match from non-state sources.

For additional information on State Government finance issues, contact Helen Roberts at 651-296-4117 or Helen.Roberts@house.mn.

Jobs and Economic Development Finance

I. STATE AGENCY PROJECTS

Chapters 294 and 295, the enacted capital budgets in the 2014 legislative session, include five projects for the state agencies under the jurisdiction of the Jobs and Economic Development Finance Committee, the Housing Finance Committee, and the Iron Range Resources and Rehabilitation Board. The total approved capital projects spending is \$108.3 million, with \$24 million funded with General Obligation (GO) bonds, \$4.3 million in general fund appropriations, and \$80 million funded with Minnesota Housing Finance Agency bonds paid for with annual General Fund appropriations for 22 years.

2014 Legislative Enacted Capital Investment Projects State Agency Projects <i>(all dollars in thousands)</i>		
Projects by Agency	GO	Cash
Employment & Economic Development (DEED) Greater MN Business Development Public Infrastructure Innovative Business Development Infrastructure	\$4,000	\$500
MN Housing Finance Agency (MHFA) Housing Infrastructure Appropriations Bonds Public Housing Rehabilitation	\$20,000	\$80,000
Iron Range Resources and Rehabilitation Board (IRRRB) Giants Ridge Event Center		\$3,800
Total State Agency Projects	\$24,000	\$84,300

Department of Employment and Economic Development (DEED)

- **Greater Minnesota Business Development Public Infrastructure Grants Program:** The Legislature approved \$4 million in GO bonding for the Greater Minnesota Business Development Public Infrastructure Grants Program. The program is 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.
- **Innovative Business Development Infrastructure:** The Legislature appropriated \$500,000 from the general fund for the Innovative Business Development Infrastructure. The program issues statewide competitive grants to local governmental units to acquire and prepare land on which public infrastructure required to support an innovative

business development project will be located. Grants may not exceed the lesser of the cost of the public infrastructure or 50 percent of the sum of the cost of the infrastructure plus the cost of the completed eligible innovative business development project.

MN Housing Finance Agency (MHFA)

- **Housing Infrastructure Bonds:** The Legislature authorized MHFA to issue up to \$80 million of Housing Infrastructure Bonds. Specifically, the Legislature enacted a standing general fund appropriation of \$6.4 million per year for 22 years beginning in FY 2016. The appropriation will provide the debt service needed to make the principal and interest payments on \$80 million in MHFA bonds. 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.
- **Public Housing Rehabilitation:** The Legislature approved \$20 million in GO bonding for Public Housing Rehabilitation. The funds are used to rehabilitate public housing units.

Iron Range Resources and Rehabilitation Board (IRRRB)

- **Giants Ridge Event Center:** The Legislature appropriated \$3.8 million from the General Fund for design and construction of a new multiuse year-round event center at Giants Ridge. This center will replace the current facility. At least an equal amount from other sources has to be committed to the project before this appropriation becomes available.

II. LOCAL GOVERNMENT PROJECTS

The Legislature approved thirty named local capital investment projects which will be administered through DEED. Of those projects, twenty are funded through General Obligation (GO) bonds while nine are funded through appropriations from the General Fund (Cash). One project, the St. Paul's Children's Museum, received funding from both sources. The projects total \$170.9 million: \$88.1 million in GO bonding and \$82.8 million in General Fund appropriations.

Jobs & Economic Development Finance 2014 Legislative Enacted Capital Investment Projects Local Government Projects <i>(all dollars in thousands)</i>		
Projects by Local Government	GO	Cash
Alexandria - High School Redevelopment	\$1,400	
Chatfield EDA - Chatfield Center for the Arts	\$5,352	
Clara City - South Hawk Creek Business Development	\$748	
Cosmos - Community Center	\$600	
Duluth - Wade Stadium		\$2,300
Duluth, Duluth EDA - NorShor Theatre Historic Renovation		\$6,950
Duluth, Spirit Mountain Rec Area Authority - Water System		\$3,400
Fosston - 2nd Street Road Improvements	\$400	
Grand Rapids - Grand Rapids Regional Performing Arts	\$3,897	
Hanover - Historic Bridge	\$78	
Hermantown - Regional Health Study		\$250
Lake Elmo - Water Project	\$3,500	
Lake Superior-Poplar River Water District		\$1,110
Litchfield - Electric Project Predesign and Design	\$250	
Mankato - MN State Arena & Auditorium Expansion		\$14,500
Minneapolis - Brian Coyle Center	\$330	
Minneapolis - Hennepin Center for the Arts	\$550	
Minneapolis - Nicollet Mall	\$21,500	
Park Rapids - Upper Mississippi Arts Center	\$2,500	
Red Wing - River Town Renaissance	\$1,560	
Rochester - Mayo Civic Center Expansion		\$35,000
Sandstone - Business Park		\$200
St. Cloud - River's Edge Convention Center Expansion		\$11,560
St. Paul - Historic Palace Theater Renovation	\$5,000	
St. Paul - MN Children's Museum Expansion and Renovation	\$6,515	\$7,485
St. Paul - Minnesota Public Media Commons	\$9,000	
St. Paul - Ordway	\$4,000	
Thief River Falls - Airport Ponds	\$650	
Thief River Falls - Public Infrastructure	\$800	
Virginia - Highway 53 Utilities Reroute	\$19,500	
Totals:	\$88,130	\$82,755

Projects funded by GO bonding²:

- **Alexandria – High School Redevelopment: \$1.4 million** to acquire and redevelop the Jefferson High School site. Required non-state match: \$2.6 million.
- **Chatfield EDA – Chatfield Center for the Arts: \$5.4 million** to design, renovate, and construct Phase II and Phase IV of the Chatfield Center for the Arts.
- **Clara City – South Hawk Creek Business Development: \$748,000** to design and construct publicly owned infrastructure for the South Hawk Creek Business Park. The appropriation must be matched dollar for dollar from non-state sources.
- **Cosmos – Community Center: \$600,000** to acquire land and demolish existing structures, and to design and construct a municipal building to house the public library, community meeting room, and city offices. At least an equal amount has to be committed to the project from non-state sources.
- **Fosston – Second Street Road Improvements: \$400,000** to improve Second Street to allow for future development. At least an equal amount has to be committed to the project from non-state sources.
- **Grand Rapids – Grand Rapids Regional Performing Arts: \$3.9 million** for the Independent School District No. 318 to complete the design of, and to renovate, construct, furnish, and equip, the Myles Reif Center for Performing Arts. Required non-state match: \$3.347 million.
- **Hanover – Bridge: \$78,000** to rehabilitate the historic bridge over the Crow River.
- **Lake Elmo – Water Project: \$3.5 million** to construct an extension of approximately 2.5 miles of trunk water main and associated improvements along Lake Elmo Avenue.
- **Litchfield – Electric Project Predesign and Design: \$250,000** to predesign and design electrical generation improvements to expand the current standby capacity, including replacement of two old generators.
- **Minneapolis – Brian Coyle Center - \$330,000** for the renovation and expansion of the Brian Coyle Community Center.
- **Minneapolis – Hennepin Center for the Arts: \$550,000** for the renovation of the historic Hennepin Center for the Arts. \$300,000 is for predesign and design and \$250,000 is to match federal funding to replace and replicate the historic cupolas on the Historic Masonic Temple.
- **Minneapolis – Nicollet Mall: \$21.5 million** to predesign, design, and reconstruct Nicollet Mall. At least an equal amount has to be committed to the project from non-state sources.
- **Park Rapids – Upper Mississippi Arts Center: \$2.5 million** for acquisition and renovation of the historic National Guard Armory Building for use as a regional arts and

² Unless otherwise noted, no non-state funding is required.

events center. Funds sufficient to complete the project have to be committed from non-state sources.

- **Red Wing – River Town Renaissance: \$1.6 million** for improvements of a capital nature to the area between Levee Road and the Mississippi River. Funds sufficient to complete the project have to be committed from non-state sources.
- **St. Paul – Historic Palace Theater Renovation: \$5 million** for the renovation of the historic Palace Theater. At least an equal amount has to be committed to the project from non-state sources.
- **St. Paul – Minnesota Children’s Museum: \$6.5 million** for expansion and renovation of the Minnesota Children’s Museum. At least an equal amount has to be committed to the project from non-state sources.
- **St. Paul – Minnesota Public Media Commons: \$9 million** to renovate the Twin Cities Public Television Building in downtown St. Paul. At least an equal amount has to be committed to the project from non-state sources.
- **St. Paul – Ordway: \$4 million** for the construction and furnishing of a concert hall of approximately 1,100 seats and support spaces at the Ordway Center for Performing Arts.
- **Thief River Falls – Airport Ponds: \$650,000** to design and construct infrastructure to transfer wastewater from the Thief River Falls Regional Airport to the city wastewater collection and treatment system, and to eliminate the airport wastewater treatment pond located on airport property. Required non-state match: \$153,360.
- **Thief River Falls – Public infrastructure: \$800,000** for sewers, streets, and utility improvements for a regional development center. Required non-state match: \$1.012 million.
- **Virginia – Highway 53 Utilities Reroute: \$19.5 million** to 1) acquire land, and design and construct relocated storm water, sanitary sewer, water, electrical, and gas utilities along or near U.S. Highway 53, and 2) acquire land, and to design and construct trails to handle bicycles, pedestrians, snowmobiles, and ATVs along U.S. Highway 53.

Projects funded by General Fund appropriations³:

- **Duluth – Wade Stadium: \$2.3 million** for design and construction of improvements to the Wade Stadium. At least an equal amount has to be committed to the project from non-state sources.
- **Duluth – NorShor Theatre: \$6.95 million** for public improvements to the historic NorShor Theatre as part of its restoration and to enhance and provide public access. Required non-state match: \$13.9 million. Funds sufficient to complete the project must be committed from non-state sources before the state funds are available.

³ Unless otherwise noted, no non-state funding is required.

- **Duluth – Spirit Mountain Recreation Area: \$3.4 million** to acquire easements, licenses, and other interests in real property and to design and construct systems to transport water from the St. Louis River estuary. Required non-state match: \$1.1 million.
- **Hermantown – Regional Health Study: \$250,000** to study and plan a health and wellness center to meet the needs of the multigenerational population in the region.
- **Lake Superior – Poplar River Water District: \$1.1 million** to acquire interests in real property, engineer, design, permit, and construct infrastructure to transport and treat water from Lake Superior through the Poplar River Valley.
- **Mankato – MN State Arena & Auditorium Expansion: \$14.5 million** to design and construct an addition to and renovate existing space in the MN State University Arena and Event Center Auditorium. Required non-state match: \$14.5 million.
- **Rochester – Mayo Civic Center Expansion: \$35 million** for renovation and expansion of the Mayo Civic Center complex. At least an equal amount has to be committed to the project from non-state sources.
- **Sandstone – Business Park: \$200,000** for design and construction of public infrastructure needed to open a planned business park. At least an equal amount has to be committed to the project from non-state sources.
- **St. Cloud – River’s Edge Convention Center Expansion: \$11.6 million** for the expansion of the River’s Edge Convention Center, including a parking facility and pedestrian skyway connection. Required non-state match: \$10.1 million.
- **St. Paul – Children’s Museum Expansion and Renovation: \$7.5 million** for the expansion and renovation of the MN Children’s Museum. At least an equal amount has to be committed to the project from non-state sources.

If you have any questions on Jobs and Economic Development Finance Committee or Housing Finance Committee related issues, please contact Henriët Hendriks at 651-296-4162 or henriet.hendriks@house.mn.

Transportation

Funding for capital projects under the jurisdiction of the Transportation Committee was authorized in three chapters of law: Chapter 312 (HF 3172), the omnibus supplemental finance bill, and Chapters 294 & 295 (HF 2490 & HF 1068), the omnibus Capital Investment bills. This summary focuses on the transportation related items in the Capital Investment bills. Below is a summary of transportation projects in both the Capital Investment bills.

Transportation: 2014 Capital Budget Appropriations <i>(all dollars in thousands)</i>			
Projects by Agency	Fund		Enacted
Department of Transportation			
Local Bridge Replacement Program	GO	\$	12,257
Local Bridge Replacement Program	GF	\$	20,743
Local Road Improvements	GO	\$	24,356
Local Road Improvements	GF	\$	30,000
Greater Minnesota Transit	GO	\$	1,500
Railroad Grade Warning Device Replacement	GO	\$	2,000
Port Development Assistance	GO	\$	2,000
Safe Routes to School	GF	\$	1,000
Range Regional Airport	GO	\$	5,000
International Falls - Airline Terminal Expansion	GO	\$	2,200
Little Falls Truck Station	TH Cash	\$	3,580
Willmar District Headquarters	TH Cash	\$	4,370
Metropolitan Council			
Transit Capital Improvement Program	GO	\$	15,000
Total General Obligation Bonding (GO)	GO	\$	64,313
Trunk Highway Fund Cash	TH Cash	\$	7,950
Total General Fund Cash (GF)	GF	\$	51,743
Total		\$	124,006

More detailed information about individual projects is contained on the following pages.

Department of Transportation

- **Local Bridge Replacement Program:** \$33 million split in the two bills between a General Fund appropriation (\$20.743 million), and GO bonds (\$12.257 million) for locally owned (cities and counties) bridges. Of the \$12.257 million from the GO bill, \$11.75 million is set aside for the Franklin Avenue Bridge on the Mississippi River in Hennepin County. MnDOT will award the remaining bridge funding
- **Local Road Improvements:** \$54.356 million split in the two bills between a General Fund appropriation (\$30 million), and GO bonds (\$24.356 million) for locally owned (cities and counties) roads. Of the \$30 million for local roads from the GO bill MnDOT must award a grant to Anoka County for an interchange project between Highway 10 and Armstrong Boulevard, the total project could cost between \$8 million and \$10 million. From that amount MnDOT must also award a grant to the City of Richfield for an underpass for 77th street under Cedar Avenue, the estimated cost is between \$12.5 million and \$15 million. For the General fund bill the local roads program is required to fund \$250,000 for a road in Pine Lake Township, and MnDOT may determine what amount to allocate to county road projects in Ramsey County around the Twin Cities Army Ammunition Plant (TCAAP) sight in connection with redevelopment. The bill did not stipulate how much must go to the TCAAP project, just that some amount must. Estimates for the cost of the local road component of the TCAAP project range from \$22 million to \$29 million.
- **Greater Minnesota Transit:** \$1.5 million in GO bonds for two transit projects in Greater Minnesota. Of the \$1.5 million, \$1.1 million is designated for a bus operations center for the St. Cloud Metropolitan Transit Commission, and \$400,000 is for a bus storage garage for the Kandiyohi Area Transit Joint Powers Board. These appropriations may be used for up to 80 percent of the total project costs.
- **Railroad Grade Warning Device Replacement:** \$2.0 million in GO bonds for replacing aging warning devices where railroads cross highways. Of the \$2 million appropriation \$1.75 million is for the cities of Little Canada and Shoreview to eliminate train horn sounding within the cities.
- **Port Development Assistance:** \$2 million in GO bonds to improve freight handling on Minnesota's commercial waterway systems.
- **Safe Routes to School:** \$1 million in a General Fund appropriation for grants to improve the safety and convince of walking and biking faculties around schools.
- **Range Regional Airport:** \$5 million in GO bonds as a grant to the Chisholm-Hibbing Airport Authority to replace the existing airport terminal with a larger terminal building. American made steel is required to be used for this project.
- **International Falls:** \$2.2 million in GO bonds as a grant to the International Falls-Koochiching County Airport Commission to design and construct a new terminal building and jet way.

- **Willmar District Headquarters:** \$4.37 million in Trunk Highway fund cash for the completion of the Willmar District Headquarters. This appropriation supplements an earlier capital appropriation and is needed because of changes to the project and the discovery of contaminated soils.
- **Little Falls Truck Station:** \$3.58 million in trunk highway fund cash to supplement an earlier appropriation for the Little Falls Truck Station. The additional appropriation is needed because of added salt storage and mechanical space needs.

Metropolitan Council

- **Transit Capital Improvement Program:** \$15 million for transit capital improvements to be allocated by the Metropolitan Council in accordance with the Council's current transportation policy plan and in consultation with the County Transit Improvement Board (CTIB), and Council must allocate funds to achieve a geographic balance across the Twin Cities region.

Other Transportation Capital Funding

The Omnibus Supplemental Appropriations bill, HF 3172 (Chapter 312) also had a number of transportation capital items. The largest transportation capital item that passed in HF 3172 is a \$31.5 million Trunk Highway fund appropriation for the Corridors of Commerce program in MnDOT's State Road Construction budget area. For more information of the Omnibus Supplemental Appropriations bill please see the Session 2014 Wrap-up Money Matters.

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