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# Governor Tim Pawlenty's 2005 Capital Budget Recommendations

*Money Matters 05.01  
January 2005*

*This paper summarizes the Capital Budget recommendations submitted to the Legislature by Governor Tim Pawlenty. 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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In early January, Governor Pawlenty introduced his capital budget recommendations for the 2005 legislative session. Nearly \$1.58 billion worth of project requests were submitted for consideration by the Governor in 2004, and of those submitted, Governor Pawlenty recommended \$758 million worth of new requests and governor's initiatives. The 2004 legislature ended session without the passage of a capital investment bill. The Governor's 2005 recommendations are an \$816 million restatement of his previous recommendations, with some funding added for inflation and the addition of a few new projects.

Of the \$816 million in recommendations, \$743 million will be paid for with general obligation or GO bonds, with debt service coming from the state's general fund. The remaining projects will be paid for from other sources such as user financing and the trunk highway bonds.

Planning estimates (included in the November 2004 forecast) for the 2005 bonding bill set aside sufficient debt service for \$110 million in general obligation bonding in the 2005 legislative session. The Governor's recommendations of \$743 million will require additional dollars from the general fund to pay debt service over what had been set aside in the November forecast. An increase in debt service of \$55 million for the FY 2006-07 biennium would be necessary to meet the additional obligation. The Governor's recommendations also include \$7 million from the general fund in the current biennium for projects that require cash and for debt forgiveness aimed at reducing the financial burden of the Minnesota Zoo. In total, the Governor's recommendations require an additional \$62 million from the general fund in the upcoming biennium.

**Table 1**

<b>Governor's Recommended 2005 Capital Budget</b>	
<i>(dollars in thousands)</i>	
<b>Finance Area</b>	<b>Recommended Spending</b>
<b>New Projects:</b>	
K-12 Education	\$32,428
Higher Education	\$200,671
Economic Development	\$100,482
Environment	\$167,711
Transportation	\$106,248
State Government	\$35,900
Health and Human Services	\$33,329
Judiciary Finance	\$117,072
Grants to Political Subdivisions	\$21,477
Bond Sale Expenses	<u>\$734</u>
<b>Total</b>	<b>\$816,052</b>

Along with \$743 million in recommended general obligation spending, the Governor recommends \$18.7 million in trunk highway bonds to fund improvements in facilities owned by the Department of Transportation. In addition, Governor Pawlenty recommends \$5 million in general fund cash projects and \$36.8 million in user financed projects. User financed debt service can be in the form of charges to higher education institutions for one third of the cost of new construction projects, or in the form of loan programs that are repaid by the borrower, such as agricultural loans. Table 1 (previous page) outlines recommended spending by category.

For several building projects an inflation factor of 8.63% was added to the cost of the project but it was not applied to all projects in the governor's proposal. Inflation was applied to projects that built entire buildings but not to projects that built trails, purchased land, or general repair funds like HEAPR. A higher figure of over 11% was used on the Faribault correctional facility project because of its high reliance on steel in its construction and the sharp increase in steel prices.

## **Debt Capacity**

Minnesota's debt capacity is an estimation of how much the state can borrow, projected for the current year or biennium. During the state financial crunch of the late seventies, the state's bond rating fell from a "AAA" rating, the highest possible rating, to a "AA" rating. 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. A drop to "AA" rating caused the state to pay a higher rate of interest on bonds and reduced the amount that the state could afford to borrow.

During the end of the Perpich administration and throughout the Carlson administration, the governors worked with the Department of Finance to establish a debt management policy to restore the state's AAA rating. Several strict policies were adopted to manage debt and keep limits on spending. Even though the policies were put into place in late 1979, it was not until 1997 that the AAA rating from all three rating agencies, Moody's, Fitch, and Standard and Poor, had been restored. The state had spent millions in higher debt costs over the seventeen year period due to the lower rating, but the debt management policies and a strong Minnesota economy helped the state once again attain the AAA rating.

Of all the debt management guidelines, the most commonly known policy is referred to as the "three percent guideline". This rule states that the appropriation for general fund debt service shall not exceed three percent of non-dedicated general fund revenues for a given biennium. Simply stated, the policy dictates that up to three percent of non-dedicated general fund revenues can be used to make payments on money the state borrows, giving the state a self imposed credit limit.

Minnesota currently has \$3.46 billion in outstanding general obligation bonds. The payments on these bonds currently consume 2.08% of general fund revenues. The Department of Finance then calculates the maximum capacity, or how much the state can borrow and prevent the payments on those bonds from consuming more than three percent of general fund revenues.

Given the current economic downturn, Minnesota's maximum debt capacity has shrunk from one

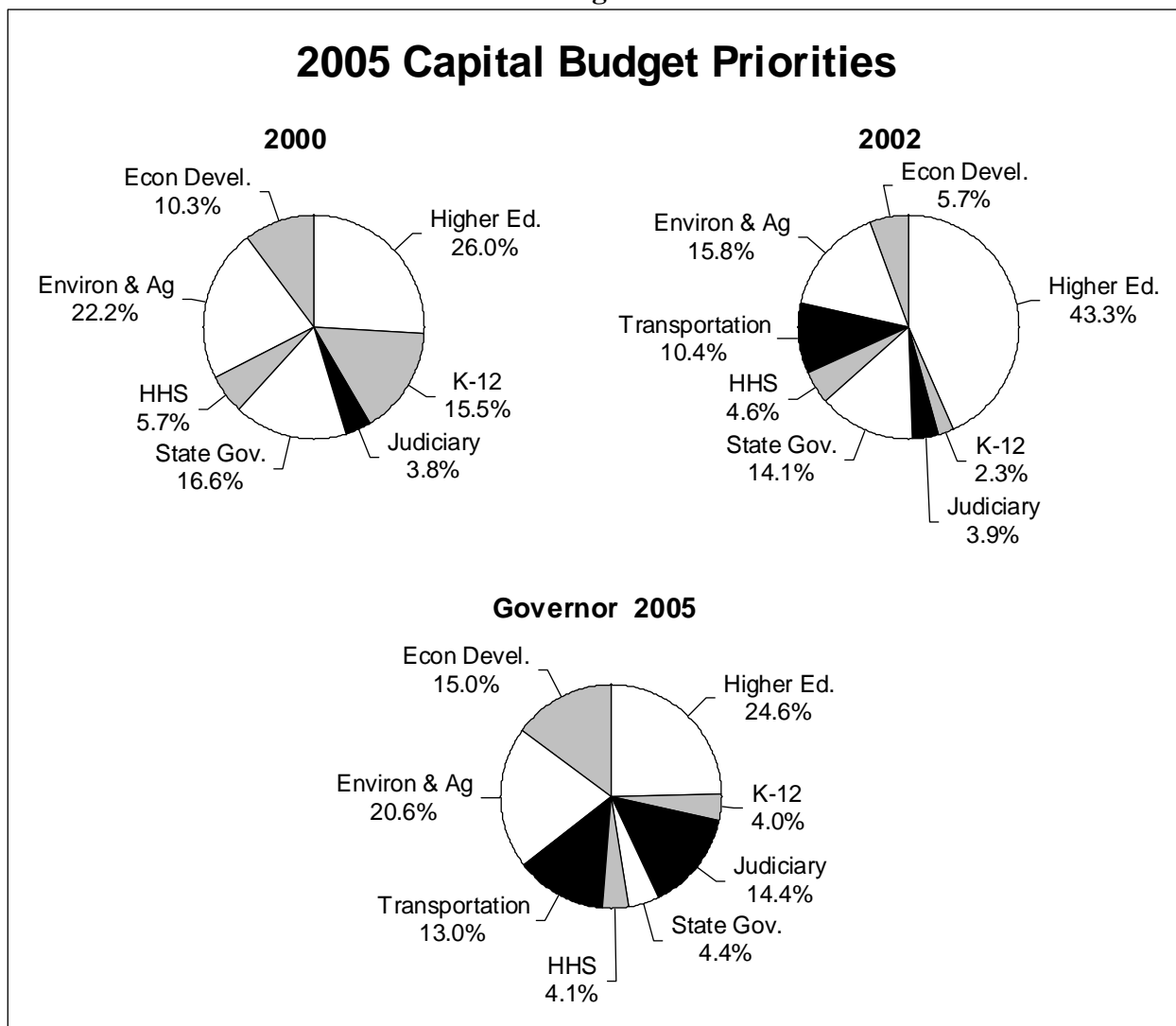
year ago. Our state's debt capacity peaked at about \$1.2 billion per biennium, but now has decreased to \$990 million per biennium.

Though the state still carries a AAA rating from Fitch and Standard & Poor, Moody's has slightly downgraded the rating to Aa1. The downgrade was due to mainly to Minnesota's deficit problems and sluggishness of the state's economy. 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 further, the state would pay higher borrowing costs and have a lower debt capacity in the future.

The Governor's 2005 recommendations are compared with recent bills in Figure 1.

Figure 1



The Governor's proposal will require more dollars than set aside in the November forecast. The forecast had assumed a \$110 million bill in 2005 and to fund a proposal of \$743 million additional general obligation bonds will require and additional \$55 million in debt service for the FY 2006-07 biennium. The Department of Finance uses a ten year rolling average to forecast the size of bonding bills for even and odd session years. Given the current rolling average, the Department forecasts bills of \$110 million for odd numbered years and \$400 million in even numbered years.

A summary of the general fund impact of the Governor's proposal is shown in Table 2.

**Table 2**

**General Fund Impact of Governor's 2005 Capital Budget**  
(\$ in thousands)

Category	FY 2006	FY 2007	FY 2006/07	FY 2008	FY 2009	FY 2008/09
Additional Debt Service Req.	\$14,024	\$41,290	<b>\$55,314</b>	\$60,375	\$71,110	<b>\$131,485</b>
General Fund Projects	\$5,082	\$0	<b>\$5,082</b>	-	-	-
Debt Foregiveness-MN Zoo	\$952	\$923	<b>\$1,874</b>	\$890	\$858	<b>\$1,748</b>
<b>Total General Fund Cost</b>	<b>\$20,058</b>	<b>\$42,213</b>	<b>\$62,271</b>	<b>\$61,265</b>	<b>\$71,968</b>	<b>\$133,233</b>

For further information on Capital Budget issues contact John Walz at 296-8236 or [John.Walz@house.mn](mailto:John.Walz@house.mn)

# Education

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The Governor's capital budget recommendations for Education Finance include projects that range from school construction and renovation to state agency asset preservation. Of the \$47.4 million requested by the agencies in 2004, the Governor's recommendations in this area total \$32.4 million, with \$1.9 million designated for the Perpich Center for Arts Education, \$26.3 million designated for the Department of Education and \$4.3 million for the Minnesota State Academies for the Deaf and Blind. The \$32.4 million recommended in 2005 for Education Finance is \$2.0 million more than was recommended in the 2004 session.

The Governor's capital budget recommendations include the following projects:

## **Perpich Center for Arts Education**

- \$558,000 for asset preservation designated for fencing, a sewer line and sidewalk and road repairs. An additional \$479,000 the Center had requested for reroofing the East Wing was not recommended.
- \$525,000 for demolition of the Beta Building, a storage building which in its present state cannot be entered.
- \$810,000 for renovation of the Alpha Building for use as a storage facility. The building needs a new roof, new windows and doors, asbestos abatement and interior remodeling to make it useful to the Center.

## **Department of Education**

- \$1.1 million for predesign, design, and construction for the Grant Magnet School in Duluth. The project will encompass construction of an addition of a 6,300 square foot multipurpose space (including a gymnasium, state and locker facilities) as well as remodeling of the existing building. This project was originally funded in 2000 with a Youth Enrichment Grant, but the grant was eliminated as part of the 2003 unallotment process after the project was delayed.
- \$24.0 million for a capital loan for the Red Lake School District to construct a new middle school facility. The district had requested \$33.4 million that would have allowed for construction of the middle school, as well as allowing for additions and renovations to the high school.
- \$1.2 million for completion of land acquisition for the Crosswinds Interdistrict Arts and Science Middle School in Woodbury. The school is currently being operated, and was constructed with \$22.8 million in state funds provided in previous years. The additional \$1.1 million is to fund excess land acquisition costs due to court-supervised mediation of complaints about payments for property that had previously been condemned for construction of the school. Total land acquisition cost is \$4.0 million.

## Minnesota State Academies

- \$4.3 million for asset preservation at both the Minnesota State Academy for the Blind and the Minnesota State Academy for the Deaf. Projects included in this recommended amount include roof, door and window replacements, air quality improvements and installation of fire protection systems.

### Implications

The largest project in this area is the \$24.0 million capital loan for the Red Lake School district. Currently, the district is experiencing unexpected increase in enrollment and crowding of facilities. Further, there is a desire on the part of the Red Lake community to remove the middle school from its current collocation with the high school. Finally, the Red Lake School District has little ability to fund construction projects due to the lack of taxable property in the district. Including the 2000 and 2002 capital loans to the district, the State has provided the district with \$23.6 million.

*For further information on K-12 Education related issues contact Greg Crowe at 296-7165 or [greg.crowe@house.mn](mailto:greg.crowe@house.mn)*

# Higher Education

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## Minnesota State Colleges and Universities

The Governor's capital budget recommendations for the Minnesota State Colleges and Universities includes user finance bonding of \$100.3 million for general building repair and maintenance and major building projects. The State would pay \$83.2 million of the costs and the Minnesota State Colleges and Universities would be responsible for \$17.1 million in debt service. For the most part the Governor's 2005 recommendations repeat his recommendations of 2004 with inflation added to major building projects. The Governor's 2005 recommendations also fully fund the systemwide science renovations project which was only partially funded in the 2004 recommendations and also include \$2 million for the systemwide technology updated classrooms project which was not recommended in 2004. The Governor's recommendations include the following:

- \$49 million for Higher Education Asset Preservation and Renewal (HEAPR). The statutory definition of HEAPR projects (M.S. 135A.046) includes code compliance, Americans with Disabilities Act requirements, hazardous materials abatement, access and air quality improvements, building or infrastructure repairs to preserve the interior or exterior of existing buildings, and renewal to support the existing programmatic mission of the campuses. Debt service is not assessed to the system on HEAPR appropriations.
- \$11.1 million to fully renovate Pasteur Hall at Winona State University. This is the second phase of reconstruction of science facilities on the Winona State campus. The 2002 bonding bill funded construction of a new science classroom and lab addition which will allow for the complete renovation of Pasteur Hall.
- \$10.5 million to fully renovate Hagen Hall at Minnesota State University, Moorhead. This is the second phase of reconstruction of science facilities on the Moorhead campus. The 2002 bonding bill funded construction of a new science classroom and lab addition which will allow for the complete renovation of Hagen Hall.
- \$4.9 million to renovate space for a Technology Center at Century Community and Technical College. Renovates space acquired from intermediate school district 916 in the 2002 bonding bill as well as some additional space on the east campus of Century Community College for computer labs and technology-enhanced classrooms.
- \$3.2 million to continue renovation of Centennial Hall at St. Cloud State University. Continues the renovation of Centennial Hall for use as the Herberger College of Business. The 2002 bonding bill included \$10 million for the first phase of this project.
- \$1.1 million for science classroom renovations at St. Cloud Technical College. The campus requested \$13.9 million for renovation of the "G" wing of the college. In addition, the systemwide science lab request included funding for other renovations at

- the campus. The Governor recommends funding of \$1.1 million for only the science classroom portions of each request.
- \$5.2 million for South Central Technical College applied lab renovation. Renovates 86,203 square feet of applied teaching labs at the North Mankato campus and 62,000 square feet at the Faribault campus. The renovations improve lab space for targeted industry partnerships in printing and graphics technology, electronics and wireless communication and reallocates space between programs including manufacturing, HVAC, and mechanics.
  - \$9.7 million for systemwide science lab renovations. Renovates individual laboratories on multiple campuses. The system requested \$8.9 million for this project in 2004.
  - \$2.2 million for Workforce Training Classrooms. Renovates unused classroom or lab space from closed programs into space for high growth academic programs in areas where there are workforce needs in Minnesota. The system requested \$5.6 million for this project.
  - \$2 million for technology updates in classrooms systemwide.
  - \$1.6 million for systemwide demolition projects. This proposal would demolish 97 thousand square feet of obsolete space on ten campuses, eliminating \$7.6 million in deferred maintenance. The system requested General Fund dollars for this project; however, the Governor recommends user financed bonding.

## University of Minnesota

The Governor's capital budget recommendations for the University of Minnesota include general obligation bonding of \$100.4 million for building repair and maintenance and major facility renewal. For the most part the Governor's 2005 recommendations repeat his recommendations of 2004 with inflation added to major building projects. In addition, the Governor has recommend funding for the Academic Health Center teaching facilities and Morris campus biomass facility which were not funded in his 2004 recommendations. The Governor's recommendations include the following:

- \$45.1 million for Higher Education Asset Preservation and Renewal (HEAPR). The statutory definition of HEAPR projects (*M.S. 135A.046*) includes code compliance, Americans with Disabilities Act requirements, hazardous materials abatement, access and air quality improvements, building or infrastructure repairs to preserve the interior or exterior of existing buildings, and renewal to support the existing programmatic mission of the campuses. Debt service is not assessed to the system on HEAPR appropriations.
- \$10.1 million to renovate the life sciences building on the Duluth campus. This project fully renovates this facility for use by the UMD College of Pharmacy

- \$17.4 million to renovate Kothoff Hall on the Twin Cities campus. This project fully renovates the facility for use by the Chemistry department.
- \$14.5 million to renovate the MRRC building which will become Education Sciences. This project takes a currently mothballed facility, the Mineral Resources Research Center, and converts it to a new facility for the College of Education and Human Development.
- \$10.4 million for renovation of Academic Health Center teaching facilities. This project renovates various education facilities at the Academic Health Center including the Mayo Auditorium, the Veterinary Medicine Teaching Center in the old Dairy Barn, and classrooms and instructional labs in various buildings.
- \$2.9 million for construction of District Facilities at the Morris campus. This project constructs an addition to the Morris heating plant to burn biomass as an alternative fuel.

The Governor's recommendations at the University are GO bonds covering 2/3<sup>rd</sup>s of the cost of construction. The University will use its own borrowing authority to fund the additional 1/3 of the cost.

The Governor also recommends \$20 million in funding for a collaborative biotechnology research facility in Rochester to be used by researchers from the University and Mayo. For more information on this project see the Department of Employment and Economic Development section.

*For further information on Higher Education issues contact Doug Berg at 296-5346 or [Doug.Berg@housemn](mailto:Doug.Berg@housemn)*

# Human Services and Veteran's Home Board

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The Governor recommends a capital bonding package for Human Services and Veteran's Homes Board of \$33.3 million in FY 2005, accounting for 4.0 percent of the total bonding package of \$816.1 million. Of this amount, \$27.0 million represents moneys for five activities in the Department of Human Services (DHS) and \$6.3 million for two projects for the Veterans Homes Board, primarily for maintenance and preservation activities at state-owned facilities.

In addition to these amounts, \$2.8 million in general fund dollars is recommended for moving expenses for the Department of Human Services, scheduled for the fall of 2005. This funding is a portion of the Department of Administration's \$4.4 million Agency Relocation request, summarized in the State Government section of this document.

## Department of Human Services

The Governor recommends issuing general obligation bonds in the amount of \$27 million in FY 2005 for the following five projects in the Department of Human Services:

- \$3.3 million to begin planning, architectural design and preliminary construction documents for the addition of 150 new beds for the Minnesota Sex Offender Program at the St. Peter Regional Treatment Center (RTC);
- \$12.6 million to plan, design, construct, furnish and equip a new, 50-bed Forensic Nursing Facility. This skilled nursing facility will be used to provide services to individuals committed as mentally ill and dangerous (MI & D), sexual psychopathic personalities (SPP) or sexually dangerous persons (SDP), which due to age or illness need skilled nursing home services. The site for this project is to be determined and the recommended completion date is FY 2008;
- \$6.2 million for system-wide campus redevelopment, reuse and demolition costs at the state's regional treatment centers to maintain and preserve the integrity of these facilities. While some of this money will be used for demolition and site restoration at the St. Peter campus, most of the funding will cover demolition, redevelopment, and reuse costs at the Ah-Gwah-Ching, Brainerd, Fergus Falls, and Willmar campuses;
- \$1.0 million for system-wide roof repair and replacement projects located at the Brainerd, Cambridge, St. Peter and Willmar campuses;
- \$4.0 million to finance asset preservation projects at select RTC locations. Projects costs include professional services contracts, emergency lighting upgrades, elevator repairs, road and parking lot maintenance, hazardous material abatement, demolition, and site restoration activities.

While neither the roof-repair nor the asset preservation categories has a significant impact for DHS's ongoing maintenance costs, there will be changes in state operating costs associated with the Minnesota Sex Offender Program (cost increases) and the Campus Redevelopment (potential cost savings) proposals. Additional information regarding these impacts is currently being sought.

The Governor also recommends \$2.8 million in general funds to pay for moving costs, furniture and equipment lease-purchases, and transitional rent payments associated with DHS's relocation to their new office building located on the former Capitol Square site on Cedar Avenue. For more information, please see the Agency Relocation summary for Department of Administration under the House State Government Committee.

In addition to the moving cost, the agency's operating budget needs will be substantially higher after the agency moves into its new facility. According to information presented in the Governor's budget request, in FY 2006-07, DHS will have increased operating costs of \$10.7 million as a result of increases in rent costs for furniture lease-purchase and building lease purchase costs. This cost is not an issue for the 2005 capital bill but will need to be considered by the Health Policy and Finance Committee as part of the agency's operating budget discussion in the 2005 legislative session.

### **Veterans Homes Board**

The Governor recommends issuing general obligation bonds in the amount of \$6.3 million in FY 2005 for the following two project categories:

- \$6.0 million for asset preservation activities, including renovation of central tub rooms and residence bathrooms in building 17 of the Minneapolis campus, exterior improvements to buildings 20, 23 and 30 at the Hastings campus, and many miscellaneous repairs to buildings at the Luverne, Silver Bay and Fergus Falls campuses, and
- \$0.3 million for the Luverne Dementia Unit Wander Area.

Neither of these project categories has a significant impact for the ongoing operating costs of these Veterans Homes facilities.

### **Implications**

The Governor's proposal to accelerate additional secure-bed capacity for the Minnesota Sex Offender Program includes a realignment of certain FY 2000 capital funds and the introduction of new construction by the FY 2006-07 biennium. Changes in future operating costs associated with this project remain unclear at this time. The Governor's initiative to create a new 50-bed Forensic Nursing Facility to address the aging and disability needs of the MSOP/civil commitment population will not impact facility operating costs until FY 2008-09 biennium.

*For further information on Human Services and Veteran's Homes Board finance issues contact Katherine Schill at 296-5384 or [katherine.schill@house.mn](mailto:katherine.schill@house.mn)*

# Judiciary Finance

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The Governor's 2005 criminal justice capital budget recommends spending of \$117.072 million in general obligation bonds for the Department of Corrections. The funding is for the following four projects:

## Department of Corrections

- \$84.844 million for the Minnesota Correctional Facility in Fairbault to construct three new 416 bed housing units to replacing some units that will be torn down. The new units would result in a net increase of 701 new beds at the facility. This project is the number one priority for the Department. This request represents phase one of the bed expansions, with phase two taking place in the next bonding cycle. Phase two is estimated to cost \$34.75 million and would result in 359 new beds. The Department is projecting a lower per diem at Fairbault as a result of the increase in beds.
- \$11 million for asset preservation projects throughout the corrections system. This includes emergency lighting, roof replacement, window replacement, tuckpointing, and asbestos removal.
- \$20.848 million for the Minnesota Correctional Facility in Stillwater to construct a new 150-bed segregation unit. This increases the capacity of Stillwater by 150 beds.
- \$380,000 to the Challenge Incarceration program at Willow River for a prefabricated building to serve as a living unit. This would increase the capacity of this program by 24 beds.

## Implications

The Department of Corrections has made increasing the number of prison beds one of their top priorities. Three of the four recommendations are for new prison beds due to the projected increases in their inmate population. The current population projections show an increase of 2,700 inmates by July of 2010 from 8,333 to 11,033. Of course, along with the new beds will come operating cost increases. One of the questions that may be asked is if there are alternatives to the Fairbault proposal such as a private company building and/or operating a new prison. Could this be done for less than what the Governor recommended?

The Governor's 2004 bonding proposal did not include two projects that were in the Department of Corrections recommendations. The projects consisted of a new vocational building at Red Wing and a new activities building at Willow River.

*For additional information on Judiciary Finance issues contact Gary Karger at 296-4181 or [gary.karger@house.mn](mailto:gary.karger@house.mn)*

# Environment and Natural Resources

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The Governor's 2005 capital budget recommendations propose bonding of \$167.8 million for environment and agriculture related projects.

A summary of the governor's proposal by agency follows.

<b>Governor's Recommendations</b> <b>(\$'s in thousands)</b>	
Dept. of Agriculture	\$18,619
Dept. of Natural Resources	\$70,150
Office of Environmental Assistance	\$4,000
Pollution Control Agency	\$14,000
Water and Soil Resources Board	\$27,362
Minnesota Zoological Garden	\$26,640
Metropolitan Council	\$7,000
<b>Total</b>	<b>\$167,771</b>

The highlights of the Governor's recommendations for the agriculture and environment area by agency include:

## Department of Agriculture

- **Rural Finance Authority.** The Governor recommends \$18 million for the Rural Finance Authority loan programs. The programs provide below market rate interest loans to farmers. This request is user-financed; the debt service obligation of the state bonds sold for the program is repaid with the funds from the loan participant.
- **Agriculture Water Management.** This request is for \$619,000 to build infrastructure at University of Minnesota campuses to evaluate water management practices in agriculture.
- **Agriculture Department relocation.** The Dept of Administration has a request to relocate several state agencies into new facilities. The Dept. of Agriculture moving costs are included in the request. In the 2004 request the increased costs operating costs for the agency resulting from the relocation is estimated to be \$5.598 million.

## Department of Natural Resources

- **Flood hazard mitigation grants.** \$20 million is for projects located in the cities of Ada, Breckenridge, East Grand Forks, Montevideo, Roseau, and the Wild Rice Watershed.

- **Dam repair.** \$1.150 million is recommended for dam repair, reconstruction and removal projects.
- **Critical habitat match.** \$4 million to acquire or improve fish, wildlife, and native plant habitats through the matching program.
- **RIM-wildlife area land acquisition.** \$12 million is to acquire land for addition to public wildlife management areas. Approximately 11 thousand acres would be acquired.
- **Fisheries acquisition and improvement.** \$1.05 million to acquire aquatic management area parcels, and to make improvements to aquatic management areas.
- **Water access.** \$3.5 million is recommended for acquisition and construction of boat access sites, fishing piers and shore fishing sites.
- **Stream protection and restoration.** \$500,000 is to complete restoration projects on state waters including Hay Creek in Goodhue County and the Dark River in St. Louis County.
- **Reforestation.** \$3 million would be used to complete reforestation of 10 thousand acres of state forestlands.
- **Metro greenways.** \$1 million is to acquire natural areas within the metropolitan area.
- **Prairie Bank.** \$1 million is for acquisition and development of native prairie plant parcel.
- **Scientific and natural areas.** \$300,000 is to be used to acquire and develop SNA's statewide.
- **State trails.** \$2 million is to acquire and develop parcels of the state trail system. Projects include the Heartland, Paul Bunyan, Munger, Douglas and Gateway trails.
- **County Forest land reforestation.** \$1 million is for grants to counties to be used for reforestation on county lands.
- **Fish hatchery improvements.** \$1.75 million is for completing improvements to DNR fish hatchery facilities.
- **RIM-wildlife management area development.** \$600,000 is for improvements to WMA's throughout the state.
- **State forest land acquisition.** \$1 million to acquire private lands within state forest boundaries.

- **Forest roads.** \$1 million is to reconstruct, or replace forest roads and road bridges.
- **State park acquisition.** \$2 million is to acquire private land within state park boundaries. Parks along the Lake Superior North Shore are a priority of the request.
- **State park development.** \$3 million is for building, utility and natural resources rehabilitation projects within the park system. The department had requested \$18.2 million for this item.
- **Lake Superior safe harbors.** \$2 million is for continued development of safe harbors on Lake Superior.
- **Asset preservation.** \$4.5 million is to be used for maintenance and repair projects in existing DNR facilities statewide.
- **Field Office Renovations.** \$800,000 is to be used to for field office facility improvement.
- **Greater Minnesota Regional Parks.** \$3 million is for grants for greater Minnesota regional parks.

### Office of Environmental Assistance

- **Capital assistance grants.** \$4 million is recommended for Capital Assistance Grants. These grants to local communities fund construction of facilities that promote composting, reduce waste, promote recycling, and produce energy from incinerating waste.

### Pollution Control Agency

- **Closed landfill program.** \$14 million is to design and construct remedial systems at publicly owned mixed municipal solid waste landfills.

### Water and Soil Resources Board

- **RIM reserve program and CREP.** The Governor requests \$23 million of bonding for the RIM reserve and CREP programs. The program purchases conservation easements from landowners. The program seeks to improve water quality in lakes, rivers and streams as well as improve ground water quality. Previous spending on this project has been in excess of \$245 million dollars.
- **Local government road wetland replacement.** \$4.362 million is to replace wetlands lost to improvements made to public transportation projects.

## Minnesota Zoological Gardens

- **Zoo master plan construction.** \$20,640 million is for addition of exhibits at the zoo. The Zoo had requested \$48 million.
- **Asset preservation.** \$6 million is recommended for asset preservation projects at the zoo.
- **Debt service forgiveness.** The Governor requests that the zoo be relieved of the current statutory requirement for making 60 percent of the annual debt service payments remaining on the Marine Education Center. Relieving this obligation would essentially be an increase in the general fund operating appropriation to the zoo of approximately \$1.875 million for FY 06-07, a 15% increase.

## Metropolitan Council

- **Metropolitan Regional Parks.** \$7 million is recommended for the capital improvements program. The council had requested \$10.466 million in 2004. 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 Agriculture, Environment and Natural Resources issues, contact Jim Reinholdz, at 651.296.4281, Jim.Reinholdz@house.mn.*

# Jobs and Economic Opportunity Finance

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The Governor's 2005 capital budget recommendations include 14 projects and programs for the agencies and areas under the jurisdiction of the Jobs and Economic Opportunity Policy & Finance Committee. The total recommended spending is \$121.899 million. Of this amount, the Governor recommends that \$121.699 million be funded with General Obligation (GO) bonds, and \$200,000 be funded from the General Fund.

## Department of Employment & Economic Development - \$71.306 Million

- **State Matching Funds for Federal Environmental Protection Agency Capitalization Grants:** The Governor recommends \$14.38 million in GO bonding to provide state funds to match Federal EPA grants for the Water Pollution Control Revolving Fund and the Drinking Water Revolving Fund. The required state match is 1:5, or \$1 in state match for every \$5 in federal grant money.
- **Biotechnology and Health Science Zones:** The Governor is recommending \$15 million to support development within designated biotechnology and health science zones.
- **Redevelopment Grant Program:** The Governor recommends \$10 million in GO bonding for the Redevelopment Grant Program. The Governor proposes dividing the money equally between brownfields and new developments.
- **Wastewater Infrastructure Fund:** The Governor recommends \$10 million in GO bonding for the Wastewater Infrastructure Fund (WIF). Also recommended is a \$200,000 general fund appropriation for the Public Facility Authority's operating expenses related to the WIF program.
- **U of M/Mayo Clinic Biotechnology Research Facility:** The Governor recommends \$21.726 million in GO bonding for the University of Minnesota to purchase and construct a three-floor addition on the top of the Mayo Clinic's Stabile building in Rochester. The space, which would be owned by the University and operated by the Mayo Clinic, would support biotechnology and medical genomics research.

## Housing Finance Agency - \$20 Million

- **Permanent Supportive Housing:** The Governor recommends \$20 million in GO bonding for permanent supportive housing loans. The funds are expected to construct, acquire and rehabilitate between 267 and 534 permanent supportive housing units for families with children and individuals who are long-term homeless.

## Historical Society - \$9.146 Million

- **Historic Sites Asset Preservation:** The Governor recommends \$7.167 million in GO bonding for asset preservation and facility repair at multiple locations within the Society's Historic Sites Network:
  1. Hill House: \$1.6485 million
  2. Fort Snelling: \$2.77 million
  3. Comstock House: \$336,000
  4. Split Rock Lighthouse: \$871,500
  5. Harkin Store: \$393,500

6. Folsom House: \$288,750
  7. Ramsey House: \$236,250
  8. Statewide Roof Replacement: \$472,250
  9. Monuments & Markers: \$150,000
- **Fort Snelling Revitalization:** The Governor recommends \$1.979 million in GO bonding for the revitalization of Fort Snelling. (Note: This recommendation is in addition to \$2.77 million recommended for Fort Snelling within the Historic Sites Asset Preservation item discussed above).

### **Grants to Political Subdivisions - \$21.447 Million**

The Governor is recommending that six local bonding projects be funded by the Legislature. The six projects total \$21.447 million:

- \$690,000 for the **city of Buffalo Lake** to replace a maintenance garage and repair streets that were damaged from the 2003 tornado.
- \$4.595 million to **Hennepin County** for the Colin Powell Youth Leadership Center. The Center will be located in the Phillips neighborhood of Minneapolis. This project funding is contingent on non-state funding of \$8.46 million for the Center.
- \$2 million for the **Lewis and Clark Rural Water System** in southwestern Minnesota. The system will serve the cities of Luverne and Worthington, and the Rock County and Lincoln-Pipestone Rural Water Systems. The funding is contingent on federal and local matching funds.
- \$10.662 million for the **city of Roseau** for infrastructure repair and improvements resulting from the 2002 flood. The funding is contingent on local matching funds sufficient to complete the projects.
- \$1.5 million for the city of **St. Paul** for the Phalen Corridor project.
- \$2.0 million for the city of **St. Paul** for the Holman Field airport flood protection project.

### **Implications**

It can be expected that many bonding projects that were not recommended for funding by the Governor will be introduced as separate bills in the 2005 Session. Many of these bills will be referred to the Jobs and Economic Opportunity Policy & Finance Committee for consideration.

# State Government

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The Governor's recommendations for capital projects in the State Government area total \$35.9 million. Of this amount, \$19.8 million is from general obligation bonds, \$4.88 million is from the General Fund, \$9.3 million is from the Trunk Highway bonds, and \$1.9 million is user-financed.

## **Department of Administration (Admin)**

The Governor recommends \$27.9 million in projects, with \$11.8 million from general obligation bonds, \$4.9 million from the General Fund, \$9.3 million from Trunk Highway bonds, and \$1.9 million from user financing.

### ***Department of Transportation (Mn-DOT) Exterior Repair***

The Governor recommends \$9.3 million in FY 2005 for repairs to the anchoring system of the exterior of the MN-DOT building on Constitution Avenue. The repairs are to be financed with Trunk Highway bonds.

Damage to the support system for the building's exterior granite panels was discovered during tuckpointing of the building several years ago. Shelf angles and retaining clips have significant rust, reducing the load bearing capacity of the angles. If the support system fails, it is possible that a granite panel could fall from the building. Each panel weighs approximately 1200 pounds.

The Department originally requested funding for phase 1 of these repairs in the 2002 capital budget, but the project was not approved by the Legislature. At that time, the department was planning for 3 phases of funding, with a total cost of \$14.8 million. In the 2004 session the department requested full funding for all 3 phases, at a reduced total cost of \$8.9 million. Inflation has now increased the request for the full project by \$659,000 to \$9.3 million.

Since 1992, the state has spent over \$44 million on repairs and renovation of the MN-DOT building, primarily for interior renovations, but also including funding for tuckpointing of the exterior.

### ***Statewide CAPRA***

The Governor recommends \$4 million in GO bond financing for the Capital Asset Preservation and Replacement Account (CAPRA). This is the same amount as the 2004 session request.

CAPRA is a statewide fund for emergency and unexpected repairs. The fund is administered by the department on behalf of other state agencies. Since the program was started in 1990, a total of \$72.9 million in both GO bonds and General Fund dollars has been appropriated for CAPRA projects.

The state has several different sources of funding for repair and maintenance, in addition to CAPRA (see table on the following page). Asset preservation funds are included in the recommendations for the departments of Military Affairs, Natural Resources, and Human Services, and in the Higher Education Asset Preservation Account (HEAPR). In addition, the department accumulates funds collected as rent to recover depreciation on buildings or construction projects funded through state

bonds. These funds are deposited in a special revenue fund, and are available for asset preservation projects.

<b>Sources of Funds Available for Maintenance &amp; Repair of State Buildings</b>		
	<b>How are Funds Requested?</b>	<b>How are Funds Used?</b>
<b>Operating Funds</b>	Requested by each agency in its operation budget.	Projects are typically under \$25,000. Usually used for the day-to-day maintenance projects.
<b>CAPRA</b>	Central account managed by Admin for use by state agencies. Request is based on 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 unanticipated small repair and maintenance projects.
<b>Asset Preservation</b>	Requested by each agency in a capital budget request	Known repair and maintenance projects.
<b>Facilities Repair &amp; Replacement Account</b>	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.

The State Architect's Office within the department of Administration maintains a state facilities condition audit. The audit shows, by agency, the number of buildings under agency's control, the estimated deferred maintenance, and the condition of facilities, ranked good, fair, poor or very poor. The inventory can be viewed at: [www.sao.admin.state.mn.us/fca/reportc.asp](http://www.sao.admin.state.mn.us/fca/reportc.asp).

### ***Agency Relocation Funds***

The Governor recommends \$4.9 million from the General Fund for agency relocation costs:

- \$2.8 million to relocated portions of the department of Human Services to its new state-owned building on the old Capitol Square site. This is a decrease of \$1.1 million from the 2004 request for relocation costs for Human Services.<sup>1</sup>
- \$628,000 for temporary moves at the Veterans Services building and the Administrative services building as abatement and renovation projects are completed at those sites. This request has been reduced by \$250,000 because a portion of the Veterans Services building move was completed in 2004.
- \$250,000 to move the Office of Administrative Hearings into the Stassen building (where the department of Revenue is located). This is a new request.
- \$1.2 million for unanticipated moves.

<sup>1</sup> In addition, the Governor's 2005 deficiency request (HF 57) proposes to fund the relocation of the departments of Agriculture and Health from the proceeds of the sale of the current health laboratory building at 717 Delaware. The state would sell the building to the University of Minnesota for \$4.85 million, and use \$4.7 million of these proceeds for relocation expenses.

The new state facilities for Human Services, Health and Agriculture are all scheduled to be completed in the fall of 2005. These new facilities will significantly increase each agency's lease rates, which will impact their operating budgets.

#### ***Asset Preservation – Admin Properties***

The Governor recommends \$6.6 million for asset preservation projects in the 21 properties managed by the Plant Management division of the Department of Administration. Priority projects include:

- \$500,000 to stabilize and repair the east steps of the State Office Building (SOB).
- \$1.3 million to replace the roof of the History Center in Saint Paul.
- \$500,000 to replace air handlers at the Centennial Office Building.

Each of these projects would have an impact on agency operating budgets, as the costs of the projects will be recovered through the lease rates charged to agencies. The SOB and Veterans Services building repairs would impact the In-Lieu-of-Rent appropriation.

#### ***Ford Building Demolition***

The Governor recommends \$1.2 million to demolish the Ford building, which is located across University Avenue just north of the SOB. This building used to house the Minnesota Bookstore, and the now defunct PrintComm division of Administration, but is currently not occupied. The estimated annual costs for maintaining the building in its present state are \$23,000.

An analysis done by the department showed that the building would need major renovation in order to be used for other state programs. The department concluded that demolition of the building would be more cost effective than renovation. In the short term, the department may use the lot for additional employee parking. Long-term plans for the site are for construction of a new “undesigned” state office building in that location.

In 2004, a local historian criticized this proposal, stating the Ford building is historically significant. The building was constructed by Ford Motor Company in 1913 for use as a small factory and workshop. The building was sold by Ford in 1935, and has been owned by the state since the 1970s.

#### ***Parking Expansions***

The Governor recommends \$1.9 million to renovate and expand parking facilities in the Capitol Complex, an increase of \$236,000 over the 2004 request. \$1.6 million of this amount would be to pave over green space located on the southern ends of the Centennial Ramp. This would provide 246 new parking spots, which will be needed when the new Health / Agriculture facility is completed in 2005.

Administration proposes to finance 95 percent of this parking expansion project through user-financing. The debt service on the bonds would be financed through the rates charged to employees parking in the capitol complex. At this time, Administration is projecting that the revenues from the new parking contracts will be sufficient to cover all costs, and overall parking rates will not increase as a result. Questions have been raised as to whether user-financing is appropriate when constructing state-owned parking facilities.

**Capital Area Architectural Planning Board (CAAP Board)**

The Governor recommends a total of \$2.5 million in general obligation bonds for repairs in the Capitol building. This amount includes \$800,000 for restoration of public spaces on the 3<sup>rd</sup> floor of the Capitol, and \$1.37 million for restoration of the Capitol dome.

This request is an increase of \$487,000 over the 2004 request. The request for the 3<sup>rd</sup> floor restoration increased by \$300,000, largely due to extensive water damage incurred in the spring of 2004.

**Department of Military Affairs**

The Governor recommends \$5 million in GO bond financing for two projects:

***Asset preservation***

\$4 million for deferred maintenance projects at armories and training facilities. A 50 percent or 75 percent federal share, depending on the scope of the project, will match state funds.

The Department has received funding for asset preservation projects in the last four capital cycles, through both direct appropriations and the CAPRA account. These requests have been based on detailed facilities audits, which document a maintenance backlog of over \$23 million. Planning estimates for future asset preservation are \$4.5 million in FY 2006, and \$5 million in FY 2008.

***Facility Life / Safety Repairs***

\$1 million for required life/safety repairs at National Guard training facilities across the state. Examples of required repairs include the replacement of fire and smoke alarm systems. The federal government will match state funds with a 75 percent federal share of the total costs, or \$3 million.

**Department of Veterans Affairs**

The Governor recommends \$670,000 for completion of the World War II Veterans Memorial on the Capitol Mall. The total cost for this memorial will be \$1.4 million, which includes funding for perpetual maintenance of the memorial.

The 2005 request is an increase of \$170,000 over the funding level requested in the 2004 session. The increase is largely due to changes in materials and design which are intended to improve the longevity and safety of the memorial.

This memorial was authorized by the 2000 Legislature, which appropriated \$150,000 for the project. The Department of Veterans Affairs, working with veterans groups, has raised almost \$500,000 in private matching funds. The site for construction of the memorial is located in the Rose Garden area, between the Veterans Service Building and Martin Luther King Drive. A description of the winning design can be found at <http://mdva.state.mn.us/wwiimemorial.htm>.

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

# Transportation Finance

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The Governor's recommendations for transportation projects make up a significant portion of his overall 2002 capital budget. The eight recommended projects require over \$245 million out of the Governor's \$845 million total capital investment package. Funding sources include both general obligation bonds and trunk highway fund cash.

Two major public transit investments make up the majority of the transportation proposals. The Northstar Corridor Commuter Rail project and the Northwest Metro Busway together total \$170 million in proposed state investment. The Northstar Corridor would require \$120 million dollars in GO bonds for a \$294 million project. The Department of Transportation hopes to secure a total of \$145 million in federal dollars, and \$27 million in local funds to complete the project (in conjunction with prior state appropriations for the corridor).

The project is unique in that general obligation bonds will be used to finance a project that will be on privately held property. Generally, the state can issue general obligation bonds for capital improvements that are publicly owned and provide for a public purpose. Article XI sec. 5 of the Constitution of the State of Minnesota provides certain exceptions to this rule. One such exception states that bonds may be used, "to improve and rehabilitate railroad rights-of-way and other rail facilities whether public or private, provided that bonds issued and unpaid shall not exceed \$200,000,000 par value."

The North West Metro Busway will be constructed in conjunction with a rebuild of County Road 81 in Hennepin County. The project is planned to relieve traffic congestion along the 25 mile corridor on highways I-94, I-494, Highway 100 and Highway 169. Ridership is estimated to be 15,000 riders daily in 2020.

The governor also recommends \$30 million for the Local Bridge Matching Funds program. The program provides assistance to local governments at replacing expensive aging and deficient bridges throughout the state. The money in the program leverages four dollars of federal money for every state dollar invested.

Other transportation related recommendations include;

## **Metropolitan Council**

- \$10 million to the Met Council for a "Liveable Communities Grant Program", a program that would provide infrastructure dollars to metro area community developments that are transit friendly and promote smart growth.
- \$10 million to the Met Council for replacement of the Snelling Bus Garage. The dollars would be added to a prior \$10 million appropriation and require \$12 million from the federal government to complete the project.

## **Department of Transportation**

- \$9.5 million from the trunk highway fund for a Consolidated Operations Facility in Oakdale.
- \$14 million from the trunk highway fund for a new Mankato district headquarters building.
- \$2 million from the trunk highway fund for partial conversion of MNDOT's radio network to digital signal.

*For further information on Transportation related issues contact John Walz at 296-8236 or [John.Walz@house.mn](mailto:John.Walz@house.mn)*

## 2005 Governor's Capital Budget Proposal

(\$ in thousands)

AGENCY Project Title	Fund	Strategic Score	Gov's Rec 2005
<b>UNIVERSITY of MINNESOTA</b>			
HEAPR	GO	470	\$ 45,100
HEAPR AHC Education Facilities	GO	459	\$ 10,428
HEAPR UMD Life Science	GO	459	\$ 10,103
HEAPR TC Education Science	GO	459	\$ 14,448
HEAPR TC Koltoff Hall	GO	459	\$ 17,381
Morris District Facilities	GO	218	\$ <u>2,890</u>
	<b>Total</b>		<b>\$ 100,350</b>
<b>MN STATE COLLEGES &amp; UNIVERSITIES</b>			
HEAPR	GO	470	\$ 49,000
Winona Pastuer Hall Science Facility	1/3 UF	403	\$ 11,118
Moorhead Hagen Hall Science Renovation	1/3 UF	368	\$ 10,477
Century College Technology Center	1/3 UF	313	\$ 4,888
St Cloud State Centennial Renovation	1/3 UF	388	\$ 3,150
St Cloud Tech Workforce Center Addition	1/3 UF	258	\$ 1,065
South Central Tech Applied Lab	1/3 UF	313	\$ 5,157
Systemwide Science Renovations	1/3 UF	363	\$ 9,668
Systemwide Workforce Classrooms	1/3 UF	278	\$ 2,173
Systemwide Demolition	1/3 UF	285	\$ 1,625
Systemwide Technology Upgrade	1/3 UF	238	\$ <u>2,000</u>
	<b>Total</b>		<b>\$ 100,321</b>
	GO		\$ 83,231
	1/3 UF		\$ 17,090
<b>PERPICH CENTER FOR ARTS EDUCATION</b>			
Asset Preservation	GO	400	\$ 558
Beta Building Demolition	GO	325	\$ 525
Alpha Building Renovation	GO	265	\$ <u>810</u>
	<b>Total</b>		<b>\$ 1,893</b>
<b>DEPT. of EDUCATION</b>			
East Metro Magnet School	GO	150	\$ 1,157
Red Lake School District Projects	GO	370	\$ 24,040
Duluth School Youth and Community Center	GO	210	\$ <u>1,083</u>
	<b>Total</b>		<b>\$ 26,280</b>
<b>MINNESOTA STATE ACADEMIES</b>			
Asset Preservation	GO	470	\$ 4,255
<b>DEPARTMENT of NATURAL RESOURCES</b>			
Flood Hazard Mitigation Grants	GO	465	\$ 20,000
Dam Repair/Reconstruction/Removal	GO	445	\$ 1,150
Rim Critical Habitat Match	GO	355	\$ 4,000
RIM Wildlife Area Acquisition	GO	330	\$ 12,000
Fisheries Acquisition and Improvement	GO	340	\$ 1,050
Water Access/Fishing Piers	GO	360	\$ 3,500
Stream Protection	GO	325	\$ 500
Reforestation	GO	410	\$ 3,000
Metro Greenways	GO	350	\$ 1,000
Native Prairie Bank Easements	GO	280	\$ 1,000

## 2005 Governor's Capital Budget Proposal

(\$ in thousands)

AGENCY Project Title	Fund	Strategic Score	Gov's Rec 2005
SNA Acquisition	GO	315	\$ 300
State Trail Acquisition	GO	335	\$ 2,000
County Forest Reforestation	GO	435	\$ 1,000
Fish Hatchery Improvements	GO	210	\$ 1,750
RIM Wildlife Management Area Development	GO	330	\$ 600
State Forest Land Acquisition	GO	215	\$ 1,000
Forest Roads and Bridges	GO	310	\$ 1,000
State Park Acquisition	GO	255	\$ 2,000
State Park Building Development	GO	380	\$ 3,000
Lake Superior Safe Harbors	GO	280	\$ 2,000
Statewide Asset Preservation	GO	340	\$ 4,500
Field Office Renovations	GO	245	\$ 800
Greater Minnesota Regional Parks	GO		\$ <u>3,000</u>
	<b>Total</b>		<b>\$ 70,150</b>
<b>POLLUTION CONTROL AGENCY</b>			
Closed Landfill Bonding	GO	410	\$ 14,000
<b>OFFICE of ENVIRONMENTAL ASSISTANCE</b>			
Capital Assistance Program	GO	446	\$ 4,000
<b>WATER and SOIL RESOURCES BOARD</b>			
RIM Reserve and CREP	GO	420	\$ 23,000
Local Government Road Wetland Replacement	GO	125	\$ <u>4,362</u>
	<b>Total</b>		<b>\$ 27,362</b>
<b>DEPARTMENT of AGRICULTURE</b>			
Rural Finance Authority Loans	UF	440	\$ 18,000
Water Management Research Partnership	GO	270	\$ <u>619</u>
	<b>Total</b>		<b>\$ 18,619</b>
	UF		\$ 18,000
	GO		\$ 619
<b>MINNESOTA ZOOLOGICAL GARDENS</b>			
Zoo Master Plan/ New Exhibit	GO	390	\$ 20,640
Asset Preservation	GO	410	\$ <u>6,000</u>
	<b>Total</b>		<b>\$ 26,640</b>
<b>ADMINISTRATION</b>			
DOT Exterior	THB	445	\$ 9,342
Statewide CAPRA	GO	470	\$ 4,000
Agency Relocation	GF	295	\$ 4,882
Asset Preservation- Admin Properties	GO	435	\$ 6,600
Ford Building Demolition	GO	230	\$ 1,176
Parking	UF	305	\$ <u>1,873</u>
	<b>Total</b>		<b>\$ 27,873</b>
	GF		\$ 4,882
	UF		\$ 1,779
	THB		\$ 9,342
	GO		\$ 11,870
<b>CAAP BOARD</b>			
Capitol Building Repair	GO	335	\$ 2,357

## 2005 Governor's Capital Budget Proposal

(\$ in thousands)

AGENCY Project Title	Fund	Strategic Score	Gov's Rec 2005
<b>MILITARY AFFAIRS</b>			
Asset Preservation	GO	468	\$ 4,000
Facility Life Safety	GO	475	\$ <u>1,000</u>
	<b>Total</b>		<b>\$ 5,000</b>
<b>VETERANS AFFAIRS</b>			
WWII Monument	GO	265	\$ 670
<b>DEPARTMENT of TRANSPORTATION</b>			
Local Bridge Replacement	GO	385	\$ 28,000
Local Road Improvement Grants	GO	180	\$ 10,000
Small Capital Projects	THB	195	\$ 4,128
Northstar Commuter Rail	GO		\$ 37,500
Mankato Headquarters	THB	270	\$ <u>16,620</u>
	<b>Total</b>		<b>\$ 96,248</b>
	GO		\$ 75,500
	THB		\$ 20,748
<b>METROPOLITAN COUNCIL</b>			
Cedar Avenue Bus Rapid Transit	GO	289	\$ 10,000
Metropolitan Regional Parks	GO	375	\$ <u>7,000</u>
	<b>Total</b>		<b>\$ 17,000</b>
<b>DEPARTMENT of HUMAN SERVICES</b>			
SPRTC New Facilities Sex Offender Program	GO	455	\$ 3,259
Forensic Nursing Facility	GO		\$ 12,600
Systemwide Redevelopment/Demolition	GO	485	\$ 6,150
Systemwide Roof Repair	GO	420	\$ 1,014
Systemwide Asset Preservation	GO	415	\$ 4,000
	<b>Total</b>		<b>\$ 27,023</b>
<b>VETERAN'S HOME BOARD</b>			
Asset Preservation	GO	445	\$ 6,000
Luverne Dementia Wander Area	GO	320	\$ <u>306</u>
	<b>Total</b>		<b>\$ 6,306</b>
<b>DEPARTMENT OF CORRECTIONS</b>			
MCF Faribault Expansion	GO	440	\$ 84,844
MCF Stillwater 150 Bed Segregation Unit	GO	440	\$ 20,848
DOC Asset Preservation	GO	470	\$ 11,000
MCF Willow River Moose Lake CIP Expansion	GO	100	\$ <u>380</u>
	<b>Total</b>		<b>\$ 117,072</b>
<b>EMPLOYMENT and ECONOMIC DEVEL.</b>			
US EPA Drinking Water/ Wastewater	GO	462	\$ 14,380
Redevelopment Grants	GO	325	\$ 25,000
WIF Implementation	GF	386	\$ 200
WIF	GO	386	\$ 10,000
U of M/Mayo Biotech Research Facility	GO		\$ <u>21,726</u>
	<b>Total</b>		<b>\$ 71,306</b>
	GF		\$ 200
	GO		\$ 71,106

## 2005 Governor's Capital Budget Proposal

(\$ in thousands)

AGENCY Project Title	Fund	Strategic Score	Gov's Rec 2005
<b>HOUSING FINANCE AGENCY</b>			
Permanent Supportive Housing Loans	GO	332	\$ 20,000
<b>MINNESOTA HISTORICAL SOCIETY</b>			
Historic Sites Asset Preservation	GO	450	\$ 7,167
Fort Snelling Revitalization	GO	270	\$ <u>1,979</u>
	<b>Total</b>		<b>\$ 9,146</b>
<b>GRANTS to POLITICAL SUBDIVISIONS</b>			
Buffalo Lake Maintenance Garage/Street Repair	GO		\$ 690
Colin Powell Youth Leadership Center	GO		\$ 4,595
Lewis and Clark Rural Water System	GO		\$ 2,000
Roseau Infrastructure Repair and Improvements	GO		\$ 10,662
Phalen Boulevard	GO		\$ 1,500
St Paul Holman Field Flood Protection	<u>GO</u>	-	\$ <u>2,000</u>
	<b>Total</b>		<b>\$ 21,447</b>
<b>FINANCE</b>			
Bond Sale Expenses	GO		\$ 714
THB Sale Expense	THB		\$ <u>20</u>
	<b>Total</b>		<b>\$ 734</b>
	GO		\$ 714
	THB		\$ 20
<b>BILL TOTALS</b>			
	<b>Total</b>		<b>\$ 816,052</b>
	<b>GO</b>		<b>\$ 743,991</b>
	<b>GF</b>		<b>\$ 5,082</b>
	<b>UF</b>		<b>\$ 36,869</b>
	<b>THB</b>		<b>\$ 30,110</b>
<b>Net GO Bonding</b>			
<b>New Spending</b>			\$ 743,991
<b>Cancellations</b>			\$ -
<b>Net GO Bonding</b>			<b>\$ 743,991</b>
<b>Net Effect on General Fund</b>			
Additional Debt Service Required 06-07 Biennium			\$ 55,314
GF Capital Projects			\$ 5,082
Debt Payment Forgiveness MN Zoo			\$ <u>1,874</u>
<b>Total</b>			<b>\$ 62,270</b>

## Fiscal Staff Assignments - 2004 Session

<u>Committee / Subject Area</u>	<u>Fiscal Analyst</u>	<u>Telephone</u>	<u>Room</u>
Chief Fiscal Analyst	Bill Marx	296-7176	373
Agriculture and Rural Development Finance	Jim Reinholdz	296-4182	320
Environment & Natural Resources Finance	Jim Reinholdz	296-4182	320
Capital Investment	John Walz	296-8236	376
Jobs & Economic Development Finance	Ron Soderberg	296-4162	322
Higher Education Finance	Doug Berg	296-5346	372
K-12 Education Finance	Greg Crowe	296-7165	378
Health & Human Services Finance	Katherine Schill	296-5384	325
Judiciary Finance	Gary Karger	296-4181	330
State Government Finance	Helen Roberts	296-4117	370
Transportation Finance	John Walz	296-8236	376
Taxes	Marie Zimmerman	296-7171	326
	Paul Wilson	297-8405	328
Ways & Means	Bill Marx	296-7176	373

All fiscal staff are also available by email. The email address is as follows: [bill.marx@house.mn](mailto:bill.marx@house.mn)  
 At the beginning of the address, substitute the first.last names of the analyst you want to reach.

The House Fiscal Analysis Department Home Page is at:  
<http://www.house.leg.state.mn.us/fiscal/FAHOME.HTM>

The Web page has fiscal staff publications from recent years as well as spreadsheets for the major finance bills for the past five legislative sessions.