



Enacted 2017 Capital Budget Summary

*Money Matters 17.03
August 2017*

This paper summarizes the Capital Budget enacted by the Legislature and Governor Mark Dayton in the 2017 legislative 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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Detailed Capital Budget Enactments

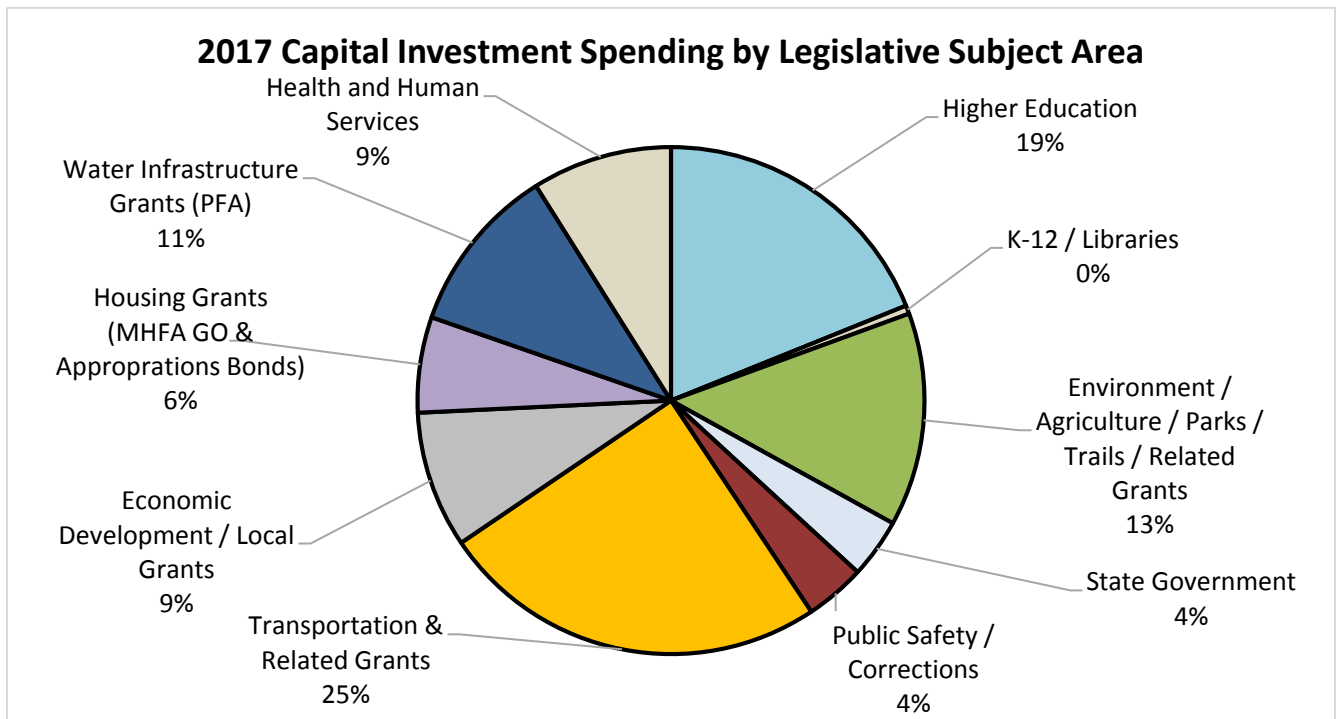
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Fiscal Analysis Department
Minnesota House of Representatives

Capital Budget Overview

The legislature authorized a total of \$1.12 billion in spending in the capital budget for 2017, signed into law by the governor in the First Special Session of 2017 in Chapter 8. Most of the spending authorized in Chapter 8, 90 percent or slightly over \$1 billion, was for capital projects that will be funded from General Obligation (GO) bond proceeds. Appropriations bonds are the second largest type of spending authorized in Chapter 8 at \$58.5 million or 2 percent for grants administered by the Minnesota Housing Finance Agency (MHFA) and for the Public Facilities Authority (PFA) for the Lewis and Clark water project in southwestern Minnesota. Roughly 2 percent or \$22 million of the authorization in Chapter 8 was for user financing in which the state issues the debt but the Minnesota State University and College system pays for the debt service via student generated tuition and other system revenues. The Renewable Development Account spending is for a single project in Duluth related to steam heating systems. Finally, state General Fund cash spending makes up about 1 percent of the authorizations in Chapter 8 for numerous projects that would not meet the criteria for GO bonding. Chapter 8 also cancelled a number of prior GO bond, Trunk Highway bond, and General Fund appropriations, which reduce the net amount of borrowing in Chapter 8.

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	212,259	19%
K-12/Libraries	6,050	1%
Environment/Parks & Trails/Related Grants	152,938	14%
State Government	42,530	4%
Public Safety/Corrections	43,121	4%
Transportation & Related Grants	279,268	25%
Economic Development/Local Grants	97,902	9%
Housing	68,500	6%
Water Infrastructure Grants (PFA)	120,627	11%
Health and Human Services	100,365	9%
Total Authorized	1,123,560	100%
Spending by Fund Types	Amount	% of Total
General Obligation Bonds (GO) (TF)	1,016,068	90%
Appropriations Bonds	58,500	5%
User Financing (UF)	22,442	2%
Renewable Development Account (RDA)	15,000	1%
General Fund	11,550	1%
Total	1,123,560	
GO Cancellations	-28,129	
General Fund Cancellations	-517	
Trunk Highway Bonding Cancellations	-1,187	



Note: The Table and charts above categorizes projects across granting agencies. For example the Department of Employment and Economic Development has spending counted in this summary split between Economic Development & Local Grants, and Transportation, whereas most of the detailed explanations list all spending by the state agency.

Types of State Debt and History of Bond Authorizations

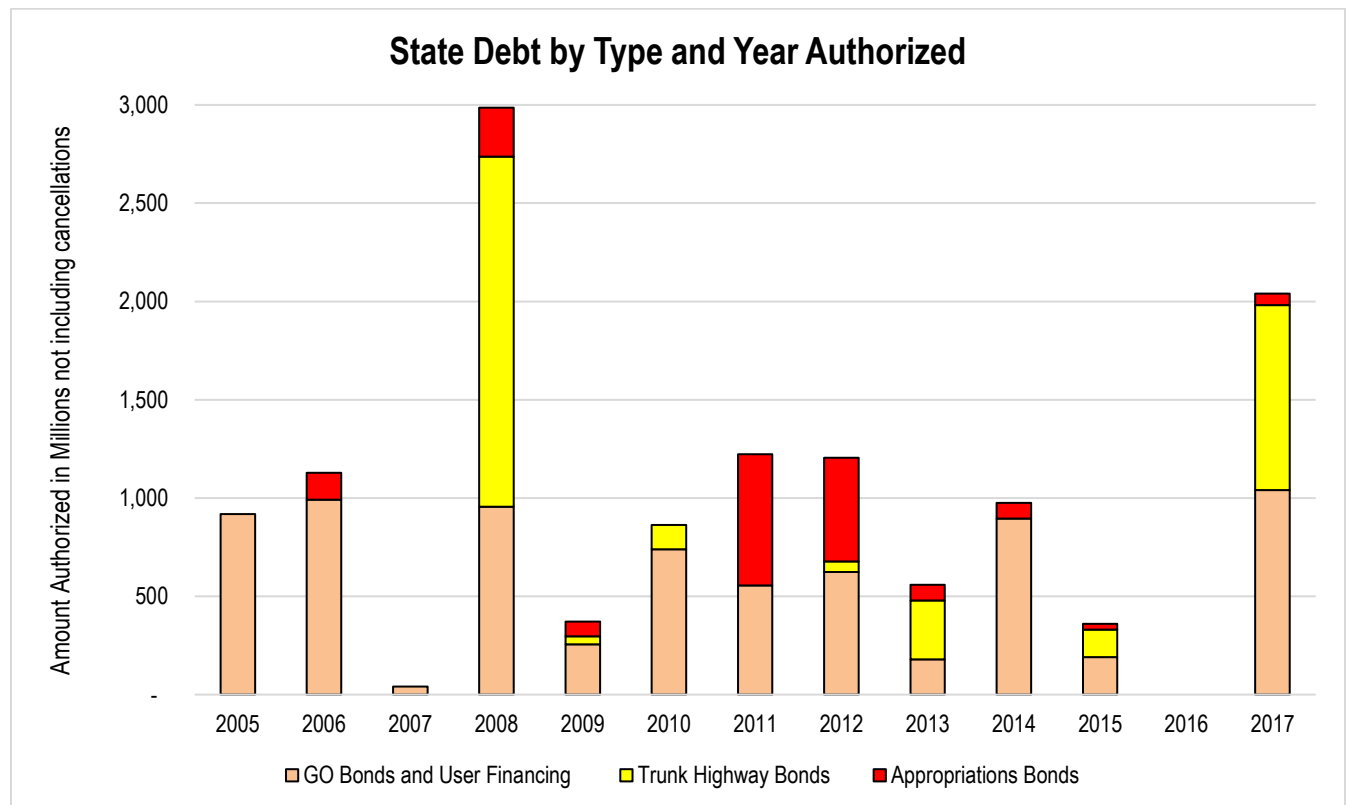
State debt authorizations have varied in size and composition over the past decade. General Obligation (GO) debt requires a three fifths majority of both the House and the Senate to authorize, and typically receives the most favorable interest rates of state debt when sold on the bond market, and is supported by the state General Fund. User financing backed bonding are GO bonds that are paid for not by the General Fund, but by another revenue stream. In this case, user financing is paid by the Minnesota State College and University system. However, if the other revenue stream did not make the payments, 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.

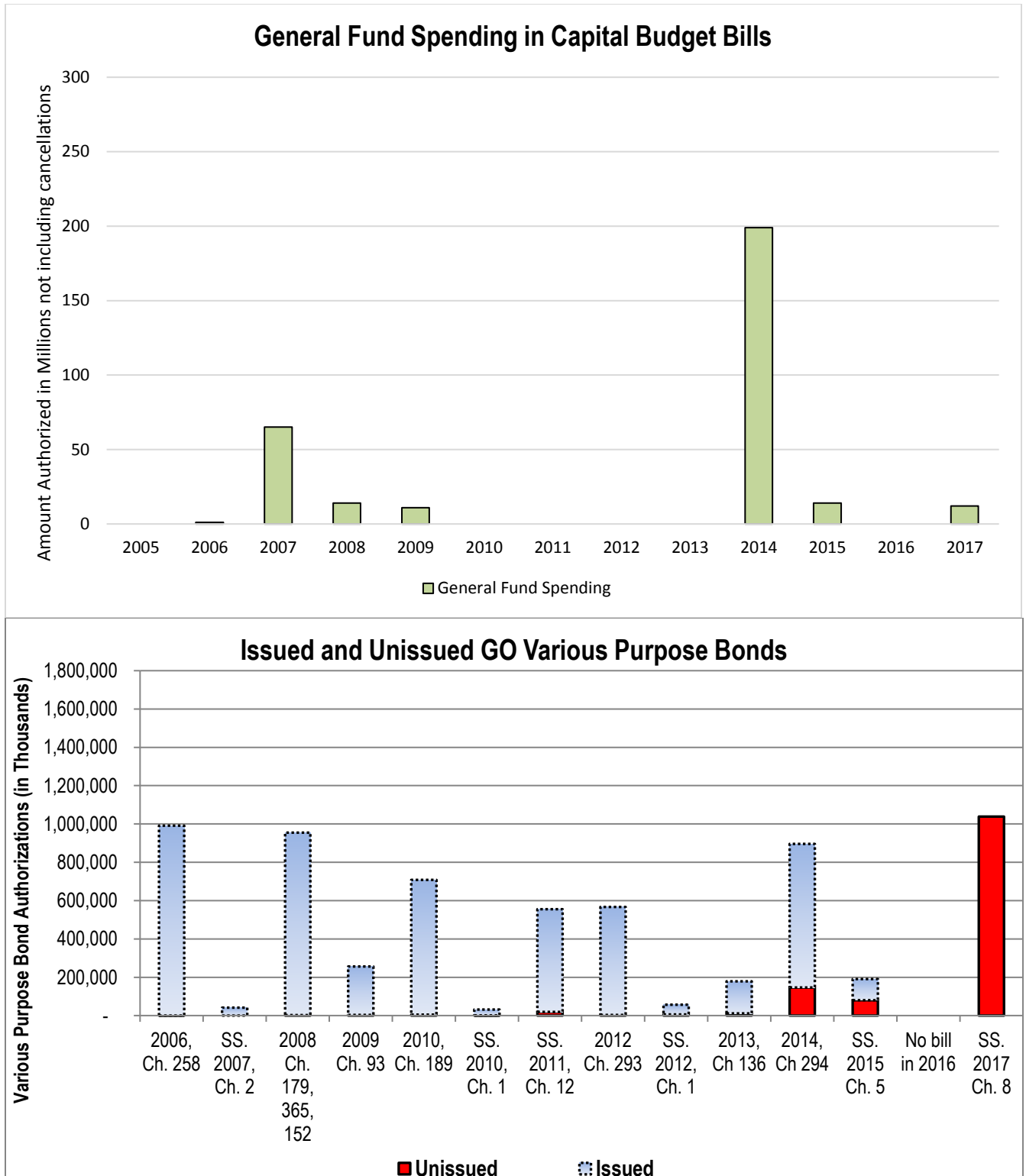
General Obligation bonding authorizations have varied in size over the past decade, but tend to be approximately \$1 billion over a biennium. Two recent exceptions to this have been in 2004 when a bonding bill failed to pass, and in 2016 when a bonding bill did not pass the House and Senate in the same form in the last few minutes of the legislative session.

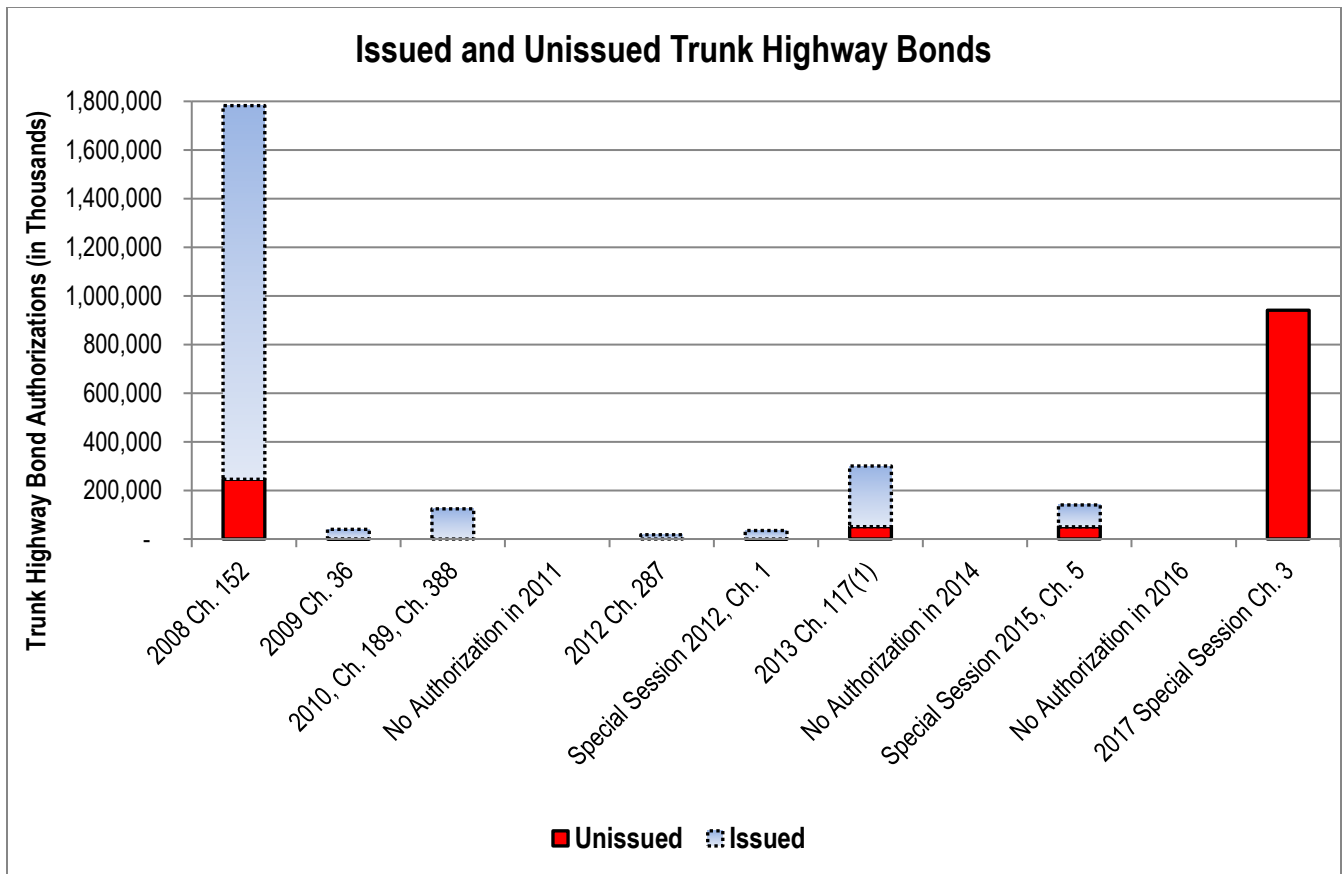
Appropriations bonds are debts that can be authorized by a simple majority of the legislature, and can be issued by other entities or the state, and are typically financed by a state General Fund appropriation, but are not secured by the full faith and credit of the state. The first examples of appropriations bonding were in 2006 and 2008 for the University of Minnesota for football stadium and the bio-sciences district on the Twin Cities Campus. The university sold the bonds and a state

General Fund appropriation pays the university for the debt service. Similarly, a General Fund appropriation to the MHFA pays the debt service on 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, Appropriations bonds, and General Fund spending on capital appropriations for the past ten years. The final two charts show how much of the GO bonding and Trunk Highway bonding authorized since 2006 has been issued and how much is still unissued.







*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 should not exceed 3 percent of non-dedicated General Fund revenues in that biennium. Simply stated, up to 3 percent of non-dedicated General Fund revenues could be used to make payments to repay the 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.

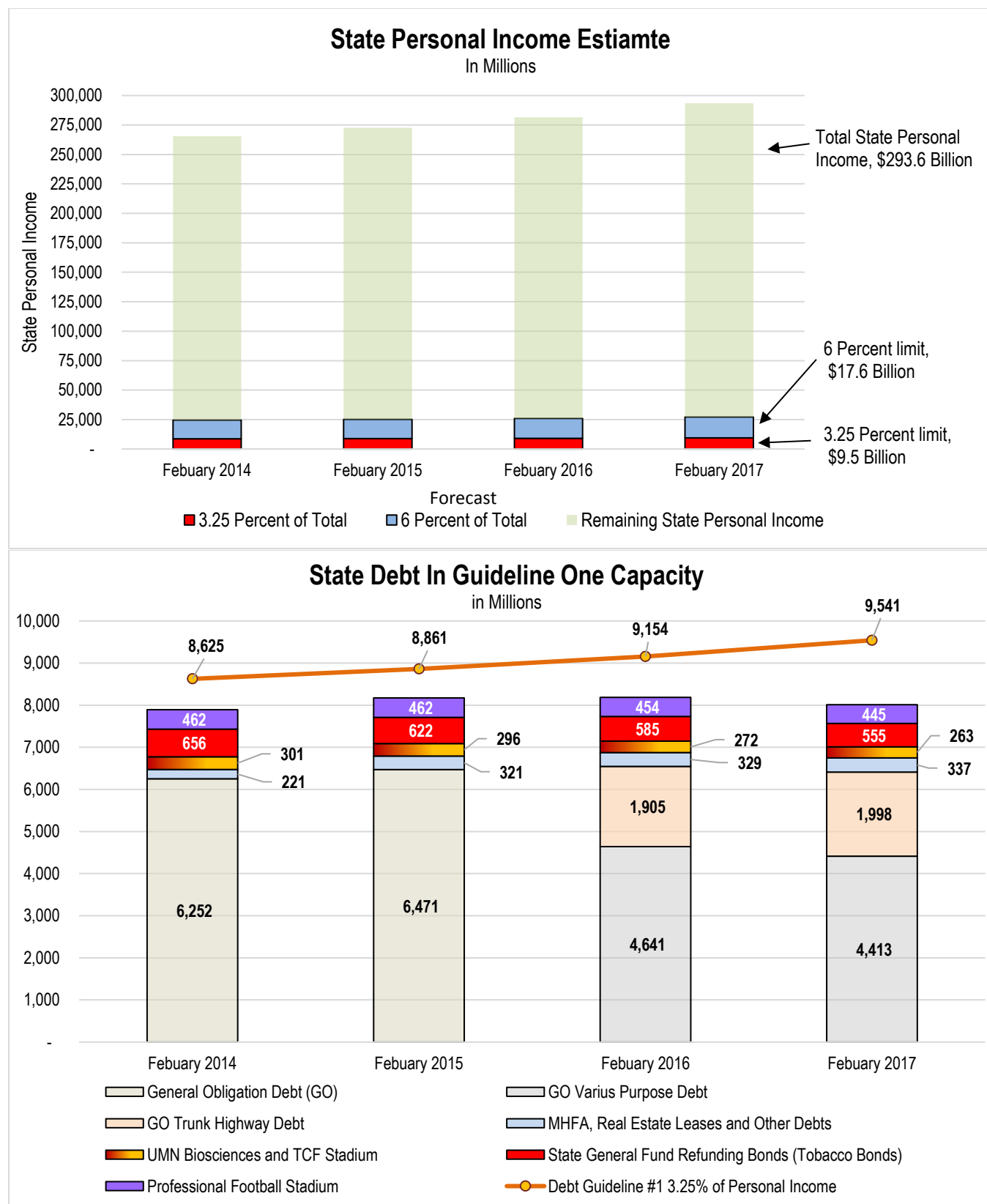
The capacity under guidelines one and two is calculated with every November and February budget forecast, and are point in time figures.

Debt Capacity

Debt capacity is an estimation of how much the state can borrow based on its current guidelines. Based on the February 2017 forecast, Minnesota has approximately \$8.7 billion in total principal outstanding (both issued and authorized but unissued) for state General Fund supported debt. Of this amount, \$698 million in principal is authorized but unissued, leaving about \$7.2 billion in capacity for debt guideline two. The total principal of General Fund supported debt outstanding was \$8 billion, leaving about \$1.5 billion in capacity for debt management guideline one. 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 following the authorization.

The debt management guideline one capacity **is not** a limitation on the legislature on the maximum size of a GO bonding bill. Under some circumstances, the legislature could authorize bills larger than guideline one capacity, and the bonds issued would not reach the limit immediately. Alternatively, the legislature could pass a bill smaller than guideline one capacity, and if there was a severe recession that results in decreases in personal income or enough previously authorized but unissued debt was now issued, the state could still exceed the guideline one limit. In other words, guideline one 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 "AAA" rating. The Moody's and Standards and Poor's 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. Fitch revised the rating back to AAA in 2016.

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 2017 Legislative session, there were five capital projects in the Education Finance area, totaling \$6 million. The projects are comprised of \$5.5 million in General Obligation (GO) bonds and \$5.0 million in General Fund cash.

Education Finance Committee 2017 Capital Budget Recommendations (all dollars in thousands)		
Projects by Agency	GO Bonds	Cash
Education		
Library Construction Grants	\$2,000	\$0
Grants to Political Subdivisions		
Olmsted County - Dyslexia Institute of MN	\$1,500	\$0
Grand Rapids School District – Reif Center		\$500
Minnesota State Academies		
Asset Preservation	\$2,000	\$0
Security Corridor Design	\$50	\$0
Total	\$5,550	\$500

The projects include:

Department of Education

- \$2 million for library construction grants. The grants help public libraries make facilities improvements that address health and safety, ADA compliance, and replacement of aging infrastructure.
- \$1.5 million for a grant to Olmsted County for capital projects for the Dyslexia Institute of Minnesota.

Minnesota State Academies

- \$2 million for asset preservation, versus the State Academy's request of \$8.0 million. Projects on the Academies' list for asset preservation generally fall into the code compliance and deferred maintenance categories.
- \$50,000 for pre-design of a safety corridor on the campus of the State Academy for the Deaf. It will provide a single entry point for all three academic buildings on campus to enhance security.

For further information on education finance issues, contact Emily Adriaens, House Fiscal Analysis Department, at 651-296-4178 or emily.adriaens@house.mn.

Environment, Natural Resources, and Agriculture

The 2017 capital budget funded General Obligation (GO) bond appropriations of \$156.407 million for projects under the jurisdiction of the Environment and Natural Resources Finance Committee. The bill also appropriated \$270,000 from the General Fund for a project.

Environment and Natural Resources Finance 2017 Capital Budget Appropriations <i>(all dollars in thousands)</i>	
Projects by Agency	GO Bonds
Department of Natural Resources	
Asset Preservation	\$15,000
Flood Hazard Mitigation	\$11,555
<i>Flood Hazard Mitigation- Program</i>	<i>\$7,305</i>
<i>Flood Hazard Mitigation- Cedar River</i>	<i>\$1,700</i>
<i>Flood Hazard Mitigation- Browns Valley</i>	<i>\$750</i>
<i>Flood Hazard Mitigation- Ortonville</i>	<i>\$1,800</i>
Dam Repair/Reconstruction/Removal	\$15,400
<i>Emergency Repairs on State Owned Dams</i>	<i>\$4,400</i>
<i>Lanesboro Dam</i>	<i>\$4,000</i>
<i>Pelican Rapids Dam</i>	<i>\$500</i>
<i>Norway Lake Dame</i>	<i>\$200</i>
<i>Canby Impoundment Dam</i>	<i>\$200</i>
<i>Lake Byllesby Dam</i>	<i>\$6,000</i>
<i>St. Louis County Little Stone Dam</i>	<i>\$100</i>
Reforestation and Timber Stand Improvement	\$1,000
State Park, Recreation Area and Trail Development	\$18,048
<i>Cuyuna State Recreation Area</i>	<i>\$3,600</i>
<i>Gitchi-Gami Trail</i>	<i>\$3,130</i>
<i>Glacial Lakes Trail</i>	<i>\$2,590</i>
<i>Heartland Trail</i>	<i>\$3,300</i>
<i>Mill Towns Trail</i>	<i>\$328</i>
<i>Vermilion/Soudan State Park</i>	<i>\$3,500</i>
<i>Camp Ripley State Trail</i>	<i>\$1,500</i>
Grants to Political Subdivisions	\$6,200
<i>Lake County Prospectors ATV Trail</i>	<i>\$1,000</i>
<i>City of Champlin- Mill Pond</i>	<i>\$3,300</i>
<i>Morrison County- Soo Line Bridge</i>	<i>\$400</i>
<i>City of St. Paul Reforestation</i>	<i>\$1,500</i>
Total Department of Natural Resources:	\$67,203

Pollution Control Agency	
St. Louis River Area of Concern	\$25,410
Closed Landfill Construction	\$11,350
Capital Assistance Program	<u>\$9,250</u>
Total Pollution Control Agency:	\$46,010
Department of Agriculture	
Agricultural Utilization Research Institute – General Fund	<u>\$270</u>
Total Department of Agriculture:	\$270
Board of Water and Soil Resource	
Reinvest in Minnesota (RIM)	\$10,000
Local Government Roads and Wetlands Replacement Program	<u>\$5,000</u>
Total Board of Water and Soil Resources:	\$15,000
Minnesota Zoological Gardens	
Asset Preservation	<u>\$4,000</u>
Total Minnesota Zoological Gardens:	\$4,000
Metropolitan Council	
Metropolitan Council Regional Parks	\$5,000
Inflow and Infiltration	\$3,739
St. Paul- Como Zoo	\$15,000
City of White Bear Lake- Trail	\$255
City of West St. Paul- River to River Trail	<u>\$200</u>
Total Metropolitan Council:	\$24,194
Total	\$156,677

The following is a summary by agency of the Environment and Natural Resources capital projects funded in Chapter 8.

Department of Natural Resources

- **Asset preservation:** \$15 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:** \$11.555 million from is for state cost sharing grants to local units of government to implement measures to reduce or eliminate future flood damages. The amount above includes: \$1.7 million for the Cedar River Watershed District, \$750,000 for the city of Browns Valley, and \$1.8 million for the city of Ortonville.

- **Dam repair, reconstruction, and removal:** \$15.4 million is for repair and renovation of dams. This appropriation includes: \$4.4 million for emergency repairs on state owned dams, \$4 million for the Lanesboro Dam, \$500,000 for the Pelican Rapids Dam, \$200,000 for the Norway Lake Dam, \$200,000 for the Canby Impoundment Dam, \$6 million for the Lake Byllesby Dam, and \$100,000 for St. Louis County Little Stone Lake Dam.
- **State forest land reforestation and stand improvement:** \$1 million for reforestation activities including planting, seeding, site preparation, and timber stand improvement.
- **State trail, recreation area, and park acquisition, and development:** \$18.048 million is to be used for acquisition and development projects in the state park and trail system. This appropriation includes: \$2.590 million for the Glacial Lakes Trail, \$3.3 million for the Heartland State Trail, \$3.6 million for the Cuyuna Country State Recreation Area, \$1.6 million for the Camp Ripley/Veterans State Trail, \$3.5 million for the Vermilion-Soudan Underground Mine State Park, \$328,000 for the Mill Towns State Trail and \$3.130 million is for the Gitchi-Gami State Trail.
- **Champlin-Mill Pond:** \$3.3 million is for a grant to the city of Champlin to dredge and remove sediment and other capital improvements to improve water quality, restore fish habitat, and provide other public benefits.
- **Lake County-Prospectors ATV Trail System:** \$1 million is for construction of the Prospectors ATV Trail System.
- **Morrison County-Soo Line Trail Bridge.** \$400,000 is for the predesign, design, and construction of the rehabilitation of the Soo Line Trail Bridge over the Mississippi River.
- **St. Paul-Shade Tree Reforestation:** \$1.5 million is for the planting of shade trees on publicly owned land to provide environmental benefits. This appropriation may be used to replace trees lost to forest pests, disease, or storms.

Pollution Control Agency

- **St. Louis River cleanup:** \$25.410 million is to implement contaminated sediment actions identified in the St. Louis River remedial action plan.
- **Closed Landfill Cleanup:** \$11.350 million is to construct remedial systems and acquire land at the closed landfills throughout the state in accordance with the closed landfill program.
- **Capital assistance program:** \$9.250 million is for a grant to Polk County under the solid waste capital assistance grant program in order to complete a regional integrated solid waste management system.

Department of Agriculture

- **Agricultural Utilization Research Institute (AURI):** \$270,000 in General Fund spending for the construction and development of a kitchen, sensory lab, and safety upgrades for the AURI facilities in Marshall and Waseca.

Board of Water and Soil Resources

- **Reinvest in Minnesota Resources (RIM) Reserve Program:** \$10 million for acquiring conservation easements from landowners to preserve, restore, create, and enhance wetlands and associated uplands of prairie and grasslands.
- **Local government roads wetland replacement program:** \$5 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.

Metropolitan Council (parks and wastewater projects)

- **Metropolitan Regional Parks:** \$5 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:** \$3.739 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.
- **St. Paul-Como Zoo:** \$15 million is to predesign, design, engineer and construct Phase I of the renovation of seal and sea lion habitat at the Como Zoo.
- **White Bear Lake-Multiuse Trails:** \$255,000 is to develop a multiuse pedestrian and bicycle path around White Bear Lake.
- **West St. Paul-River to River Regional Greenway:** \$200,000 is to predesign, design, and construct a separate crossing of Robert Street in the area near Wentworth Avenue for the River to River Regional Greenway.

For further information on Environment, Natural Resources, and Agriculture finance issues, contact Brad Hagemeyer, House Fiscal Analysis Department, at 651-296-7165 or brad.hagemeyer@house.mn

Human Services

The 2017 Legislature authorized \$96 million in General Obligation (GO) bonds for six projects within the jurisdiction of the Human Services Finance committee. The bill also appropriated \$4.4 million from the General Fund for three additional projects.

Human Services: 2017 Capital Budget Appropriations		
<i>(all dollars in thousands)</i>		
Projects by Agency	Fund	Enacted
Department of Human Services		
MN Security Hospital - Design, Construct, Remodel	GO	\$70,255
Child & Adolescent Behavioral Health Hospital-Construction	GO	\$7,530
Anoka Metro RTC – Safety and Security Renovations	GO	\$2,250
City of St Paul – Dorothy Day Center Phase 2	GO	\$12,000
Carver County - Residential Crisis Center	GO	\$1,250
Hennepin County - Regional Medical Examiner’s Office	GO	\$2,680
Minneapolis - The Family Partnership	GF	\$1,600
Minneapolis - People’s Center	GF	\$2,200
St Louis Park – Perspectives Family Center	GF	\$600
Total General Fund (GF)	GF	\$4,400
Total General Obligation Bonding (GO)	GO	\$95, 965
Total		\$100,365

Department of Human Services

- **Minnesota Security Hospital:** \$70.3 million in GO bonds to design, remodel, construct, and equip existing and new residential, program, activity, and ancillary facilities at the Minnesota Security Hospital. This is the second phase of a two-phase project.
- **Child and Adolescent Behavioral Health Hospital-Construction:** \$7.5 million in GO bonds to predesign, design, construct, furnish, and equip a new 16 bed psychiatric hospital for the Child and Adolescent Behavioral Health Services program near the City of Willmar.
- **Anoka Metro Regional Treatment Center (AMRTC)– Safety and Security Renovations:** \$2.3 million in GO bonds for various security upgrades to the AMRTS

facility including the building, grounds. Funding is for all phases of design and construction including land purchase.

- **City of St Paul – Dorothy Day Center Phase 2:** \$12 million in GO bonds for all phases of design and construction, including land acquisition, for a new one-stop service delivery center for persons who are homeless or at risk of becoming homeless. The appropriation is not available until an equal amount has been raised from nonstate sources.
- **Carver County - Residential Crisis Center:** \$1.3 million in GO bonds to Carver County to design, construct, furnish, and equip a new 12 bed facility for stabilization of persons with a mental health diagnosis in lieu of inpatient psychiatric hospitalization. The facility must be available for referrals from certain hospitals and health facilities in Carver, Sibley and Le Sueur Counties.
- **Hennepin County - Regional Medical Examiner’s Office:** \$2.7 million in GO bonds to design a regional medical examiner’s facility for Dakota, Hennepin, and Scott Counties to be located in the City of Minnetonka.
- **Minneapolis - The Family Partnership:** \$1.6 million from the General Fund for a grant to the Family Partnership to predesign and design a facility to provide mental health, early childhood education and other services to support children and families. An equal amount of money must be raised from nonstate sources.
- **Minneapolis - People’s Center:** \$2.2 million from the General Fund is for a grant to the People’s Center to design, renovate, improve, construct and equip a facility to provide health services to patients regardless of ability to pay. An amount sufficient to complete the project must be raised from nonstate sources.
- **St Louis Park – Perspectives Family Center:** \$600 thousand from the General Fund for a grant to Perspectives Inc. to predesign and design an expansion of the existing Perspectives Family Center facility in the City of St. Louis Park. An equal amount must be raised from nonstate sources.

For additional information on Human Services Finance Issues, contact Doug Berg, House Fiscal Analysis Department, at 651-296-5346 or doug.berg@house.mn.

Higher Education

The Legislature approved a total of \$212.3 million in General Obligation (GO) 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, Minnesota State Colleges and Universities and the University of Minnesota) will be responsible for paying 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 8.

Higher Education Finance: 2017 Capital Budget Appropriations <i>(all dollars in thousands)</i>		
Projects by Agency	Fund	Enacted
MN State College and Universities		
Higher Education Asset Preservation and Replacement (HEAPR)	GO	\$ 25,500
South Central College - STEM and Healthcare Reno - North Mankato	GO/UF	\$ 9,600
Minnesota State CTC - Center for Student Success - Fergus Falls	GO/UF	\$ 978
Minnesota State CTC - Library and Student Reno. - Wadena	GO/UF	\$ 820
Northland CTC - Laboratory Renovation - East Grand Forks	GO/UF	\$ 826
Hibbing CC - Campus Rightsizing	GO/UF	\$ 11,223
Winona State University - Education Village Phase II	GO/UF	\$ 25,306
St. Cloud State University - Student Health & Academic Renovation	GO/UF	\$ 18,572
University of Minnesota		
Higher Education Asset Preservation and Replacement (HEAPR)	GO	\$ 20,600
Chemical Sciences and Advanced Materials Building	GO	\$ 28,267
Health Sciences Education Facility	GO	\$ 66,667
Plant Growth Research Facility	GO	\$ 4,400
Total		\$212,259

Minnesota State Colleges and Universities

As enacted, Chapter 8 includes a total of \$92.325 million in GO bonding for the following eight projects:

- **Asset Preservation:** \$25.5 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.

- **South Central College – STEM and Healthcare Reno – North Mankato:** \$9.6 million to renovate existing space to create multipurpose lab rooms; increase the quality of instruction; and expand the capacity of the mechatronic and science, technology, engineering, and math (STEM).
- **Minnesota State CTC: Center for Student Success – Fergus Falls:** \$978,000 for renovation of existing space to create a new Center for Student and Workforce Success (CSWS) that integrates the Regional Workforce Center into the campus, giving students access to a broader range of post-secondary and employment services.
- **Minnesota State CTC: Center for Student Success – Wadena:** \$820,000 to relocate the Wadena campus library and convert the space vacated by the library into a centralized student service center to better serve students.
- **Northland CTC: Library Renovation – East Grand Forks:** \$826,000 for the renovation of campus laboratories to increase lab safety, and provide students access to up-to-date technologies for placement in the healthcare industry.
- **Hibbing CC: Campus Rightsizing:** \$11.223 million to reorient the “front door” of this campus to simplify campus circulation. Additional renovations will create flexible, modern, classrooms along with a one stop student services hub and space for Advanced Minnesota-Northeast Higher Education District’s regional, customized, continuing education training enterprise.
- **Winona State University – Education Village Phase II:** \$25.306 million to renovate three existing buildings and create specialty labs and flexible, high-tech classroom space to improve delivery of the College of Education’s curriculum.
- **St. Cloud State University – Student Health and Academic Renovation:** \$18.572 million to renovate unused space to co-locate academic and health related programs, creating a consolidated student health center and eliminating \$3.8 million of deferred maintenance.

University of Minnesota

As enacted, Chapter 8 includes a total of \$119.943 million in GO bonding for the following four projects:

- **Asset Preservation:** \$20.6 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.
- **Chemical Science and Advanced Materials Building:** \$28.267 million to construct a science and engineering building on the Duluth campus that includes research and instructional laboratories, classrooms, and administrative and meeting spaces for the Swenson College of Science and Engineering. The facility is needed to meet the growing demand for science, technology, engineering, and math (STEM) graduates.

- **Health Sciences Education Facility:** \$66.667 million to design, renovate, construct, furnish, and equip education facilities to meet the needs of the Medical School and Academic Health Center on the Twin Cities campus.
- **Plant Growth Research Facility:** \$4.4 million to predesign, design, construct, furnish, and equip an addition to the plant growth facilities on the St. Paul campus and to demolish the existing biological sciences greenhouse.

For further information on Higher Education finance issues, contact Ken Savary, House Fiscal Analysis Department, at 651-296-7171 or ken.savary@house.mn.

Public Safety and Security Policy and Finance

For the 2017 legislative session, the legislature adopted four capital projects under the jurisdiction of the Public Safety and Security Policy and Finance Committee. These projects totaled \$43.1 million in General Obligation (GO) bonds.

Public Safety and Security Policy and Finance 2017 Capital Budget Appropriations (all dollars in thousands)	
Projects by Agency	Enacted
Department of Corrections	
Department Wide Asset Preservation	\$ 20,000
St Cloud Intake, Health and Loading Dock Phase 2	\$ 19,000
Northeast Regional Corrections Center Grant	\$ 600
Department of Public Safety	
Camp Ripley Oil Train Derailment Training Center	\$ 3,521
Total	\$ 43,121

Department of Corrections

- \$20 million for asset preservation. This appropriation will fund repairs and deferred maintenance at the state's ten prison facilities.
- \$19 million of GO bonds to complete construction of a new intake facility, remodel health care facilities, and build a new loading dock.
- \$600,000 in GO bonds for a grant for a Northeast Regional Corrections Center.

Department of Public Safety

- \$3.521 million in GO bonds for the construction of an emergency response training center at Camp Ripley in Little Falls. The center will focus on training for train derailment emergencies.

For further information on Public Safety or Judiciary finance issues, contact John Walz, House Fiscal Analysis Department, at 651-296-8236 or john.walz@house.mn.

State Government

The 2017 Legislature authorized \$41.5 million for capital projects within the jurisdiction of the State Government Finance committee. First Special Session Chapter 8 authorizes \$39.5 million in General Obligation (GO) bonds for ten projects, and appropriates \$1.95 million from the General Fund (cash) for one local grant.

State Government Finance 2017 Capital Budget Appropriations (all dollars in thousands)		
Projects by Agency	GO Bonds	Cash
Administration		
Centennial Parking Ramp	\$ 10,878	\$ -
Statewide CAPRA	\$ 5,000	\$ -
State Capitol Monuments and Memorials Repair	\$ 350	\$ -
City of Granite Falls – Pioneer Public Television Grant	\$ -	\$ 1,950
Total Administration:	\$ 16,228	\$ 1,950
MN Historical Society		
Historic Sites Asset Preservation	\$ 2,500	\$ -
Fort Snelling Visitors Center Design	\$ 4,000	\$ -
Total MN Historical Society	\$ 6,500	\$ -
Military Affairs		
Asset Preservation	\$ 2,500	\$ -
Total Military Affairs:	\$ 2,500	\$ -
MN.IT		
Repurpose State Office Data Center Facilities	\$ 1,432	\$ -
Total MN.IT:	\$ 1,432	\$ -
Veterans Affairs		
Asset Preservation	\$ 5,000	\$ -
Minneapolis Veterans Home Truss Bridge	\$ 7,851	\$ -
Rice County Veterans Memorial Grant	\$ 30	\$ -
Total Veterans Affairs:	\$ 12,881	\$ -
Total	\$ 39,541	\$ 1,950

Administration

The legislature approved \$18.2 million for four projects.

- **Centennial Parking Ramp Structural Repairs:** \$10.9 million to repair damaged post tension cables in the ramp. Damage to the cables was discovered during a recent assessment, requiring immediate closure of the ground floor of the ramp to shore up the second story. Removal of the top deck green space is authorized to provide additional parking capacity. If funds are available after completing the repairs, the appropriation may also be used to design and construct a storm water retention system to capture parking ramp runoff.
- **Statewide CAPRA (Capital Asset Preservation and Replacement Account):** \$5 million 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.
- **Capitol Complex Monuments / Memorials Repair:** \$350,000 to repair and restore the Peace Officers Memorial and the Roy Wilkins Memorial.
- **Pioneer Public Television:** \$1.95 million from the General Fund to the City of Granite Falls to provide an equipment grant to Pioneer Public Television as part of the station's construction of a new facility.

Minnesota Historical Society

The Legislature approved \$6.5 million for two projects:

- **Historic Sites Asset Preservation:** \$2.5 million is for preservation and restoration of historic structures, landscapes, and buildings. 2017 priorities include interior stabilization and foundation and structural repairs at Fort Snelling. Funds would also be used for life-safety projects, infrastructure upgrades, energy and security improvements, and other preservation projects statewide.
- **Historic Fort Snelling Pre-Design:** \$4 million for design of a visitor center within historic cavalry barracks located adjacent to the fort. The 2015 bonding bill included \$500,000 for predesign to determine the scope, cost, and schedules for this project.

Military Affairs

The legislature approved \$2.5 million for asset preservation 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. Detailed facilities audits document a maintenance backlog of over \$36 million. The state funds will be matched by federal funds, with the percentage match determined by the specific scope of each project.

MN-IT Services

The legislature approved \$1.4 million to repurpose existing data center facilities back to office space. The space is located at the Bureau of Criminal Apprehension's Maryland Avenue office, the Centennial Building, and the Department of Revenue's Stassen building. The repurposing is necessary after a planned consolidation of existing data centers into more secure enterprise centers. The 2011 Legislature appropriated \$5.7 million to begin this process by repurposing the 5th floor of the Centennial building, where the MN.IT data center used to be located.

Veterans Affairs

The legislature approved \$12.9 million for three projects at the Department of Veterans Affairs:

- **Asset Preservation:** \$5 million for renovation and upgrades to the 58 buildings under control of the department. Projects are located at the five veterans homes (Minneapolis, Fergus Falls, Hastings, Luverne, and Silver Bay).
- **Minneapolis Home Truss Bridge Project:** \$7.85 million to repair the historic truss bridge on the Minneapolis Home campus. In August 2014 the bridge was found unsafe and was closed to both vehicle and pedestrian traffic. As a result, access to the campus is now limited to one entrance.
- **Rice County Veterans Memorial:** \$30,000 for a grant to Rice County to complete the veteran's memorial on the grounds of the Rice County Court House in Faribault. Approximately \$345,000 of nonstate money has been spent or committed to the project to date.

For additional information on State Government finance issues, contact Helen Roberts, House Fiscal Analysis Department, at 651-296-4117 or helen.roberts@house.mn.

Jobs and Economic Development Finance

Jobs & Economic Development Finance 2017 Legislative Enacted Capital Investment Projects <i>(all dollars in thousands)</i>		
	GO/Approp.	Cash/Other
Asset Preservation – South Minneapolis Workforce Center	\$1,342	
Transportation Economic Development	\$3,500	
Business Development Infrastructure (BDPI)	\$12,000	
Innovative Business Development Infrastructure (IBDPI)	\$5,000	
Chisago County - Law Enforcement and Emergency Center	\$3,000	
Eagle's Healing Nest		\$500
Duluth – Steam Plant Improvements – RDA Account		\$15,000
Hennepin County – Arts Space Hennepin Center for the Arts		\$3,000
City of Hermantown - Wellness Center	\$8,000	
ISD No. 786 - Eagle Bend High school	\$1,500	
City of St. James - Highway 4 and Allied Projects	\$5,943	
LaSalle - Community Center	\$100	
City of Litchfield - Phase 2 Power Generation Improvements	\$4,000	
City of Minneapolis - Pioneers and Soldiers Cemetery Fence	\$1,029	
City of Minneapolis - Norway House	\$5,000	
City of Minneapolis - American Indian Center		\$155
Mountain Iron - Enterprise Drive North	\$400	
Red Wing - River Town Renaissance	\$4,400	
City of St. Paul - Science Museum of Minnesota Preservation	\$13,000	
St. Paul Port Authority - American Museum of Art	\$6,000	
City of Waseca - Sports Field	\$375	
City of Virginia - Miners Memorial	\$12,000	
Public Facilities Authority (PFA)		
State Matching Funds for USEPA Capitalization Grants	\$17,000	
Water Infrastructure	\$55,000	
Water Infrastructure: Point Source implementation Grants	\$33,737	
Big Lake Sanitary District - Sewer System and Force Main	\$1,200	
Clear Lake & Clear Water Sewer District	\$300	

City of Clearbrook – Water Plant Curb and Cutter	\$850	
City of Oronoco - Wastewater Collection and Treatment Study		\$500
City of Lilydale - Storm water & Trail Structure Repairs		\$275
City of Dennison - Lift Station and Sewer Projects	\$726	
City of East Grand Forks Sewer Interconnect with Grand Forks	\$5,300	
Koochiching County - Island View Sewer Project	\$2,000	
Minnesota Housing Finance Agency (MHFA)		
Public Housing Rehabilitation	\$10,000	
Appropriations Bonds		
PFA – Lewis and Clark Joint Powers Board	\$3,500	
MHFA - Non Profit Housing Infrastructure	\$35,000	
MHFA - Non Profit Housing Infrastructure – 2014 Bond Increase	\$15,000	
MHFA - Non Profit Housing Infrastructure – 2015 Bond Increase	\$5,000	
Totals:	\$271,202	\$19,430

- **Asset Preservation: South Minneapolis Workforce Center - \$1.342 million** for repairs, preservation, and renovation of the South Minneapolis Workforce Center, including the building's roof.
- **Transportation Economic Development (TED) – \$3.5 million** for a competitive grant program that provides up to 70 percent of the transportation and public infrastructure costs associated with economic development projects. TED is a joint effort of DEED and the Minnesota Department of Transportation.
- **Greater MN Business Development Public Infrastructure (BDPI) – \$12 million** for grants to Greater Minnesota cities to assist with funding public infrastructure projects that support economic development. Eligible public infrastructure projects would include sewers, streets, and utility extensions. The grants will be awarded on a competitive basis, and can provide funding up to 50 percent for eligible costs, with a local match required.
- **Innovative Business Development Infrastructure (IBDPI) – \$5 million** for grants to local governments statewide for public infrastructure costs related to innovative, high-tech, bio, and medical technology business development investments. The funds are used for publicly owned infrastructure. A 50 percent local match is required.
- **Chisago County – Law Enforcement and Emergency Center - \$3 million** for a grant to Chisago County to predesign, design, construct, furnish, and equip a municipal complex that includes a law enforcement and emergency operations center, and related facilities and infrastructure, for interconnection to the county emergency communications center. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed to the project from nonstate sources. Amounts expended by Chisago County for project costs since July 1, 2015, shall count toward the matching requirement.

- **Eagle's Healing Nest – \$500,000** from the General Fund for a grant to Eagle's Healing Nest in Sauk Centre.
- **Duluth – Steam Plant Improvements – \$15 million** from the Renewable Development Account in the Special Revenue Fund for a grant to the city of Duluth to upgrade the municipal district heating facility and systems, including conversion of the distribution system along Superior Street from steam with no condensate return to closed-loop hot water. This appropriation: (1) may be used for one or more of the project elements or phases: predesign, design, engineering, renovation, construction, furnishing, and equipping the facility, systems, and infrastructure; and (2) is available until expended.
- **Hennepin County – Art Space Hennepin County Center for the Arts – \$3 million** from the General Fund for improvements and betterments of a capital nature to renovate the historic Hennepin Center for the Arts. This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete the project has been committed from nonstate sources.
- **City of Hermantown – Wellness Center – \$8 million** for a grant to the city of Hermantown to prepare the middle school site on the Hermantown School District campus, including demolition of a portion of the middle school, and to design, construct a new addition to the middle school building and renovate the remaining existing building, furnish, and equip the facility as the Arrowhead Regional Health and Wellness Center. The city may enter into lease or management agreements under Minnesota Statutes, section 16A.695, for operation of the center. This appropriation is not available until at least an equal amount is committed to the project from nonstate sources.
- **ISD No. 786 – Eagle Bend High School – \$1.5 million** for a grant to Independent School District No. 786, Bertha-Hewitt, or other independent school district to which that portion of the territory of former Independent School District No. 2759, Eagle Valley, containing the Eagle Bend school is attached by action of the Todd County Board, to prepare and develop the Eagle Bend High School building site, including demolition of buildings and infrastructure, to remove life safety hazards and to facilitate the redevelopment and reuse of the site. This appropriation does not require a nonstate contribution.
- **City of St. James – Highway 4 and Allied Projects – \$5.943 million** for a grant to the city of St. James. Of this amount, \$2,193,000 is for engineering, right-of-way acquisition, and reconstruction of streets, sidewalks, storm water and sanitary sewer, water mains, lighting, utilities, and other capital improvements of publicly owned infrastructure required for the reconstruction of marked Trunk Highway 4 in the city of St. James, \$1,250,000 is for replacement of the storm sewer drain that serves St. James Lake and the entire southern section of the city of St. James, and \$2,500,000 is to design, engineer, and construct and install larger storm sewers and a storm water retention pond.
- **LaSalle – Community Center – \$100,000** for a grant to the city of La Salle for renovations to the community center and fire hall in the city of LaSalle, including replacing and resurfacing the roof and renovating the interior of the building. This appropriation may also be used to renovate a furnace room in the community center and

fire hall to accommodate the city generator and to replace carpet and tile. No local match is required.

- **City of Litchfield – Phase 2 Power Generation Improvements – \$4 million** for a grant to the city of Litchfield to design and construct electrical generation improvements in the city of Litchfield to expand the current standby capacity. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount is committed to the project from nonstate sources.
- **City of Minneapolis – Pioneers and Soldiers Cemetery Fence – \$1.029 million** for a grant to the city of Minneapolis to restore the historic steel and limestone pillar fence along Cedar Avenue and Lake Street, install a new steel fence and pillars along 21st Avenue South, and install a waterproofing system for preservation of the fence and pillars, at the Pioneer and Soldiers Cemetery. This appropriation does not require a nonstate contribution.
- **City of Minneapolis – Norway House – \$5 million** for a grant to the city of Minneapolis to acquire land and predesign, design, construct, furnish, and equip a conference and event center at 913 East Franklin Avenue and adjacent property in Minneapolis to celebrate the culture of Norway and American Norwegians, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete the project is committed from nonstate sources.
- **City of Minneapolis – American Indian Center – \$155,000** from the General Fund for a grant to the Minneapolis American Indian Center to predesign the renovation of the center on Franklin Avenue, taking into account and protecting the significant and unique art and features of the center.
- **Mountain Iron – Enterprise Drive North – \$400,000** for a grant to the city of Mountain Iron for its share of the cost of improvements to Enterprise Drive North where this road intersects marked U.S. Highway 169 in Mountain Iron. This project is due to and will be done in conjunction with the reconstruction of marked U.S. Highway 169.
- **City of Red Wing – River Town Renaissance – \$4.4 million** for a grant to the city of Red Wing to complete removal and replacement of 250 linear feet of the harbor retaining wall; to design, construct, furnish, and equip the renovation of the historic T.B. Sheldon Performing Arts Theater; and to design and construct transient riverboat docking facilities, levee wall extension, and levee promenade improvements at Levee Park. This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete the project has been committed from nonstate sources.
- **City of Saint Paul – Science Museum of Minnesota Preservation – \$13 million** for a grant to the city of St. Paul for predesign, design, and construction work to replace water-damaged elements of the Science Museum of Minnesota's exterior envelope and some resultant interior damage caused by latent design and construction defects, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner of management and budget determines that an equal amount has been committed to the project from nonstate sources. Capital costs paid by the Science

Museum of Minnesota since January 1, 2014, relating to the water intrusion damage, shall count towards the match requirement.

- **Saint Paul Port Authority – American Museum of Art – \$6 million** for a grant to the St. Paul Port Authority to design, construct, furnish, and equip new museum galleries and an art study facility for the Minnesota Museum of American Art. This facility provides space to celebrate the legacy of Minnesota art and artists and is part of the restoration of the historic Pioneer Endicott Building, and a part of a multiphase project, of which only the museum galleries and art study facility constructed with this appropriation shall be state bond financed property subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner of management and budget has determined that:
 - (1) at least an amount equal to this appropriation has been committed or previously expended for design, construction, and furnishing of the adjacent Minnesota Museum of American Art Center for Creativity facilities, which are not subject to Minnesota Statutes, section 16A.695, with funds from nonstate sources; and
 - (2) Sufficient other state and nonstate funds are available, if funds beyond this appropriation are required, to complete the museum galleries and art study facility.

Funds invested in the Minnesota Museum of American Art Center for Creativity facilities by an investor receiving an assignment of state historic tax credits as provided in Minnesota Statutes, section 290.0681, are nonstate funds for purposes of this requirement. Only expenditures made after January 1, 2012, shall qualify for the required match. Due to the integrated nature of the overall development, public bidding shall not be required.

- **City of Waseca – Sports Field – \$375,000** for a grant to the city of Waseca for construction of a new grandstand and athletic facilities at Tink Larson Field, due to losses incurred during a 2016 fire. Money raised for this project and insurance proceeds received for the fire loss satisfy the local match requirement.
- **City of Virginia – Miners Memorial – \$12 million** for a grant to the city of Virginia for phase I of the renovation and reconstruction of the Miner's Memorial Building in Virginia. This appropriation is not available until the commissioner of management and budget determines an amount has been committed to complete the project from nonstate sources.

Public Facilities Authority - \$116.888 million

- **Water Infrastructure Initiative: State Matching Funds for U.S. EPA Grants – \$17 million** to provide the required 20 percent state match for estimated federal FY 2018-19 capitalization grants from the Clean Water Revolving Fund and the Drinking Water Revolving Fund. Funds will be used for low interest loans to local governments for clean water and drinking water infrastructure projects.
- **Water Infrastructure Initiative: Wastewater and Drinking Water Infrastructure Fund – \$55 million** for grants to municipalities with high cost wastewater and drinking water projects on the MN Pollution Control Agency's project priority list. Grants supplement low-interest loans from the PFA's Clean Water Revolving Fund or match funding from the U.S. Department of Agriculture Rural Development. Of the amount appropriated, \$40 million is for the wastewater fund and \$15 million is for the Drinking Water fund.
- **Water Infrastructure Initiative: Point Source Implementation Grants – \$33.737 million** to provide grants to help cities pay for treatment plant upgrades to address water quality restoration and protection goals.
- **Big Lake Sanitary District – Sewer System and Force Main – \$1.2 million** for a grant to the Big Lake Area Sanitary District to construct a pressure sewer system and force main to convey sewage to the Western Lake Superior Sanitary District connection in the city of Cloquet. This appropriation is not available until the commissioner of management and budget determines that an equal amount is committed from nonstate sources. This appropriation is in addition to the appropriation in Laws 2014, chapter 294, article 1, section 22, subdivision 4.
- **Clear Lake & Clear Water Sewer District - \$300,000** for a grant to the Clear Lake-Clearwater Sewer Authority to remove and replace the existing wastewater treatment facility. This project is intended to prevent the discharge of phosphorus into the Mississippi River. This appropriation is not available until the commissioner of management and budget determines that at least \$200,000 is committed to the project from nonstate sources and the authority has applied for at least two grants to offset the cost. Any money received by the authority from grants must be returned to the General Fund and are appropriated to the Public Facilities Authority for the purposes specified in Minnesota Statutes, section 446A.072, and subject to Minnesota Statutes, section 16A.642, from the date of the original appropriation.
- **City of Clearbrook – Water Plant Curb and Gutter - \$850,000** for a grant to the city of Clearbrook to predesign, design, engineer, and construct public infrastructure improvements necessitated by the city's water and wastewater improvements, including street, curb, and boulevard restoration. This appropriation does not require a nonstate contribution.
- **City of Oronoco – Wastewater Collection and Treatment Study – \$500,000** from the General Fund for a grant to the city of Oronoco to commission a study to evaluate options for solving the wastewater infrastructure needs for the region including the city of Oronoco,

the city of Pine Island, or the city of Rochester. This appropriation does not require a nonstate match.

- **City of Lilydale – Storm Water Project #2 & Trail Structure Repairs – \$275,000** from the General Fund for a grant to the city of Lilydale to design, acquire, construct, and install a storm water sewer and drop structure along Trunk Highway 13 in Lilydale that will be large enough to effectively collect water from springs and storm water runoff from above the road and safely convey the water to below the bluff. The city must coordinate this project with the Department of Transportation's Trunk Highway 13 project. The appropriation and project also include capital repairs and improvements to existing drainage structures along the Big Rivers Regional Trail at the base of the bluff. This appropriation may be used in part or in whole to reimburse the city for project costs already paid for and does not require a nonstate contribution.
- **City of Dennison – Lift Station and Sewer Projects - \$726,000** for a grant to the city of Dennison to predesign, design, and construct a new lift station and make sewage pond improvements. This appropriation does not require a nonstate contribution.
- **City of East Grand Forks – Sewer Interconnect with Grand Forks - \$5.3 million** for a grant to the city of East Grand Forks to design and construct wastewater infrastructure improvements interconnecting the wastewater system of East Grand Forks to the wastewater treatment system in Grand Forks, North Dakota, and to design and construct the decommissioning of the wastewater stabilization ponds in East Grand Forks, Minnesota. This appropriation may not be used for improvements outside the state. This appropriation is in addition to grants under Minnesota Statutes, section 446A.072. A nonstate match is not required.
- **Koochiching County – Island View Sewer Project – \$2 million** for a grant to Koochiching County to acquire land or interests in land, and to design, engineer, construct, and equip sanitary sewage systems and facilities to implement a portion or portions of the Voyageurs National Park clean water project comprehensive plan. This appropriation is available after the commissioner of management and budget determines that \$4,500,000 is committed from nonstate sources. This appropriation is in addition to the appropriation in Laws 2014, chapter 294, article 1, section 22, subdivision 7. Notwithstanding the match requirement in Laws 2014, chapter 294, article 1, section 22, subdivision 7, the nonstate match required for this appropriation and the 2014 appropriation for a grant to Koochiching County is 25 percent of the state grant amounts. Any money remaining from this appropriation after completion of the projects in paragraph (a) is available for grants to Koochiching or St. Louis County to be used for other capital projects described in the comprehensive plan and as determined by the Voyageurs National Park Clean Water Joint Powers Board.

Minnesota Housing Finance Agency - \$10 million

- **Public Housing Rehabilitation – \$10 million** for transfer to the housing development fund to finance the costs of rehabilitation to preserve public housing under Minnesota Statutes, section 462A.202, subdivision 3a. For purposes of this section, "public housing" means housing for low-income persons and households financed by the federal

government and owned and operated by the public housing authorities and agencies formed by cities and counties. Public housing authorities receiving a public housing assessment composite score of 80 or above or an equivalent designation are eligible to receive funding. Priority must be given to proposals that maximize federal or local resources to finance the capital costs. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable housing and the restrictions of Minnesota Statutes, section 462A.202, subdivision 7, do not apply to this appropriation.

Appropriation Bonds – \$58.5 million

- **MHFA Non Profit Housing Infrastructure Appropriation Bonds – \$55 million** will provide the debt service needed to that will be issued by MHFA. The bonds will allow MHFA to construct or acquire and rehabilitate permanent supportive housing, to acquire and rehabilitate federally subsidized rental housing, and to acquire and rehabilitate foreclosed properties.
- **PFA – Lewis and Clark Joint Powers Board – \$3.5 million** in appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the Public Facilities Authority under subdivision 7, paragraph (b), not to exceed \$3,500,000 net of costs of issuance, for the purposes as provided under this subdivision, and pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under subdivision 2, paragraph (d). The bonds authorized by this subdivision are for the purposes of financing the land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete Phase 3 of the Lewis and Clark Regional Water System project, including extension of the project from the Lincoln-Pipestone Rural Water System connection near Adrian to Worthington, construction of a reservoir in Nobles County and a meter building in Worthington, and acquisition and installation of a supervisory control and data acquisition (SCADA) system. No bonds shall be sold under this subdivision until the commissioner determines that a nonstate match of at least \$9,000,000 is committed to the final phase of the project.

For additional information on Economic Development issues, contact Chris Zempel, House Fiscal Analysis Department, at 651-296-4162 or chris.zempel@house.mn.

Transportation

Transportation 2017 Capital Budget Appropriations		
(all dollars in thousands)		
Projects by Agency	Fund	Enacted
Department of Transportation		
Local Bridge Replacement Program / Grants Subtotal	GO/TF	49,212
Local Bridge Replacement Program Only		16,537
City of Isle - Malone Island Bridge		800
City of Minneapolis - 10th Ave Bridge		31,875
Local Road Improvement Fund Program / Grants Subtotal	GO/TF	115,932
Local Road Improvement Program Only		25,336
Appleton Township - 100th ST SW Road		1,000
Anoka County - Lake Drive and I-35 Interchange - Grant		9,000
City of Baxter - Cypress Drive		6,000
City of Blaine - Reconstruction of 105th Avenue - Grant		3,246
Hennepin County - Interstate 35W/CSAH 3 - Grant		25,000
U.S. Highway 12 Interchange in Hennepin Co. - Local Grant		11,300
U.S. Highway 212 Interchange in Chaska - Local Grant		10,500
City of Inver Grove Heights - Broderick Boulevard - Grant		1,000
Ramsey County - I-694 and Rice Street Interchange - Local Grant		20,500
Redwood County - State Veterans Cemetery Road - Grant		700
McLeod County - CSAH 15 - Grant		2,350
Rail Grade Separation on Crude Oil Rail Lines Program	GO	71,124
Moorhead - Grant to Political Subdivision		42,262
Anoka County - Hanson Boulevard - Grant to Political Subdivision		14,100
City of Red Wing - Sturgeon Lake Road - Grant to Political Subdivision		14,762
Highway/Rail Grade Crossing Warning System Replacement	GO	1,000
Minnesota Valley Regional Rail Authority - Grant	GO	4,000
City of Hugo - Short line freight railway track age repair - Grant	GO	1,500
Minnesota Rail Service Improvement Grants	GO	1,000
Port Development Assistance	GO	5,000
International Falls - Koochiching County Airport Terminal - Grant	GO	3,000
City of Grand Rapids - Mississippi River Pedestrian Bridge - Grant	GO	750
City of Eden Prairie Rail Crossing - Grant	GO	1,400
Safe Routes to School	GO	1,000
Metropolitan Council		
Metro Orange Line Bus Rapid Transit	GO	12,100
Mall of America Transit Station	GO	8,750
Total		\$ 275,768

Department of Transportation

- **Local Bridge Replacement Program:** \$49.2 million, of which \$16.5 million is administered by MnDOT to grant to local units of government, and about \$32.6 million for specific projects listed below:
 - \$800,000 is for the Malone Bridge in the City of Isle replacing a bridge that connects a small residential island with the mainland on Lake Mille Lacs.
 - \$31.875 Million is for the 10th Avenue Bridge in Minneapolis. The project will replace the deck of the bridge as well as maintain the piers.
- **Local Road Improvements:** \$115.9 million, of which \$25.3 million is administered by MnDOT to grant to local units of government, and about \$90.6 million for specific projects listed below:
 - \$1 million for Appleton Township for the reconstruction of 11th Street SW, a heavily used trunk route.
 - \$ 9 Million to Anoka County of the local road costs of the Lake Drive and I-35 Interchange
 - \$ 6 million to the City of Baxter for Cypress Drive.
 - \$3.246 million to the City of Blane to reconstruct 105th Avenue near the National Sports Center.
 - \$25 million to Hennepin County for the reconstruction of several county road and bridges around and over I-35W in conjunction with the construction of the Orange Line Bus Rapid Transit station at I-35W and Lake Street, and the replacement of ramps and flyover bridges in the I-35W and I-94 interchange.
 - \$11.3 million to Hennepin County for the local road portions of intersections around U.S. Highway 12 in western Hennepin County.
 - \$10.5 million to Carver County for the local costs of an interchange at County road 44 and U.S. Highway 212.
 - \$1 million to the City of Inver Grove Heights for the reconstruction of Broderick Boulevard.
 - \$20.5 million to Ramsey County for the local road portion of the construction of an interchange at Rice Street and I-649.
 - \$700,000 to Redwood County for repair and improvements to Nobles Road leading to the State Veterans Cemetery.
 - \$2.35 million to McLeod County for improvements to County Road 15.
- **Rail Grade Separation on Crude Oil Lines:** \$71.1 million for three projects as grants to local governments:
 - \$42.262 million to the City of Moorhead for a series of over and underpasses in and around central Moorhead.
 - \$14.1 million to Anoka County of the separation of Hanson Boulevard.

- \$14.762 million to the City of Red Wing for the separation of Sturgeon Lake Road near the Prairie Island Reservation and nuclear power plant.
- **Railroad Grade Warning Device Replacement:** \$1 million in GO bonds for replacing aging warning devices where railroads cross highways.
- **Minnesota Valley Regional Rail Authority:** \$4 million for rehabilitation of track, siding, bridges, and culverts of the publicly owned regional freight railroad.
- **Short Line Railway Repair:** \$1.5 million as a grant to the Minnesota Commercial Railway company for repair and other capital improvements of the track and sidings.
- **Minnesota Rail Service Improvement:** \$1 million in grants to short line rail companies for freight rail improvements. This program is administered by MnDOT.
- **Port Development Assistance:** \$5 million in GO bonds to improve freight handling on Minnesota's commercial waterway systems.
- **Airport Terminal:** \$3 million in a grant to Koochiching County for the International Falls airport terminal.
- **Rail Crossings:** \$1.4 million in a grant to the City of Eden Prairie for rail crossing devices and other capital improvements related to rail quiet zones in the city.
- **River Crossing:** \$750,000 in a grant to the City of Grand Rapids for a bike and pedestrian bridge over the Mississippi river.
- **Safe Routes to School:** \$1 million for grants to improve the safety and convince of walking and biking facilities around schools.

Metropolitan Council

- **Metro Orange Line Bus Rapid Transit:** \$12 million for to match local and federal funds for the completion of a Bus Rapid Transit line between downtown Minneapolis and the southern suburbs along I-35W.
- **Mall of America Station:** \$8.75 million for improvements to the existing Blue Line Light Rail Station at the Mall of America in Bloomington.

For further information on Transportation finance issues, contact Andrew Lee, House Fiscal Analysis Department at 651-296-4178 or andrew.lee@house.mn.