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# Governor Walz and Lieutenant Governor Flanagan's 2024 Infrastructure Plan

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**Presentation to the House Capital Investment Committee**

February 14, 2024 | Commissioner Erin Campbell



**mi** MANAGEMENT  
AND BUDGET

- 1. Overview of the Capital Budget Process**
- 2. Growing Needs for Minnesota's Infrastructure**
- 3. Overview of Governor's Infrastructure Plan**
- 4. Capital Budget Financing**



# Capital Budget Process



# The Capital Budget

- Developed in the odd-numbered calendar year for submission to the Legislature in January of the even-numbered calendar year
- MMB posts Capital Budget instructions, collects requests in the Capital Budget System, and publishes requests and the Governor's Recommendations



# 2024 Capital Budget Process

- **March – May 2023:** MMB authorizes Capital Budget System (CBS) users
- **Early May 2023:** MMB publishes instructions and CBS opens for requests
- **Mid-June 2023:** Deadline for state agency and local government requests
- **July 17, 2023:** Preliminary requests published and submitted to Legislature
- **Mid-October 2023:** Deadline for state agency and local government edits
- **Fall/Winter 2023:** Projects reviewed, including site visits and meetings
- **January 16, 2024:** Final requests published and submitted to Legislature with the Governor's Recommendations





# 2024 Site Visits



# Growing Needs for Minnesota's Infrastructure



# \$7.6 Billion in Requests from State Agencies and Political Subdivisions

**\$7.6 billion in total requests:**

**\$4.7 billion** requested in state agency requests for state facilities and local grant programs (16% growth from 2022)

**\$2.9 billion** requested in direct requests from local governments (102% growth from 2022)

Amount Requested <i>in thousands</i>	2020 Request \$	2022 Request \$	2024 Request \$	% Change from 2020 to 2022	% Change from 2022 to 2024
State	\$ 3,724,944	\$ 4,048,620	\$ 4,714,158	9%	16%
Local	\$ 1,325,643	\$ 1,449,745	\$ 2,929,822	9%	102%
<b>Total</b>	<b>\$ 5,050,587</b>	<b>\$ 5,498,365</b>	<b>\$ 7,643,980</b>	<b>9%</b>	<b>39%</b>

*As of January 2024*





# State Agency Building Deferred Maintenance Grew 74% Since 2015

**Total deferred maintenance backlog for buildings alone: \$6.446 billion**

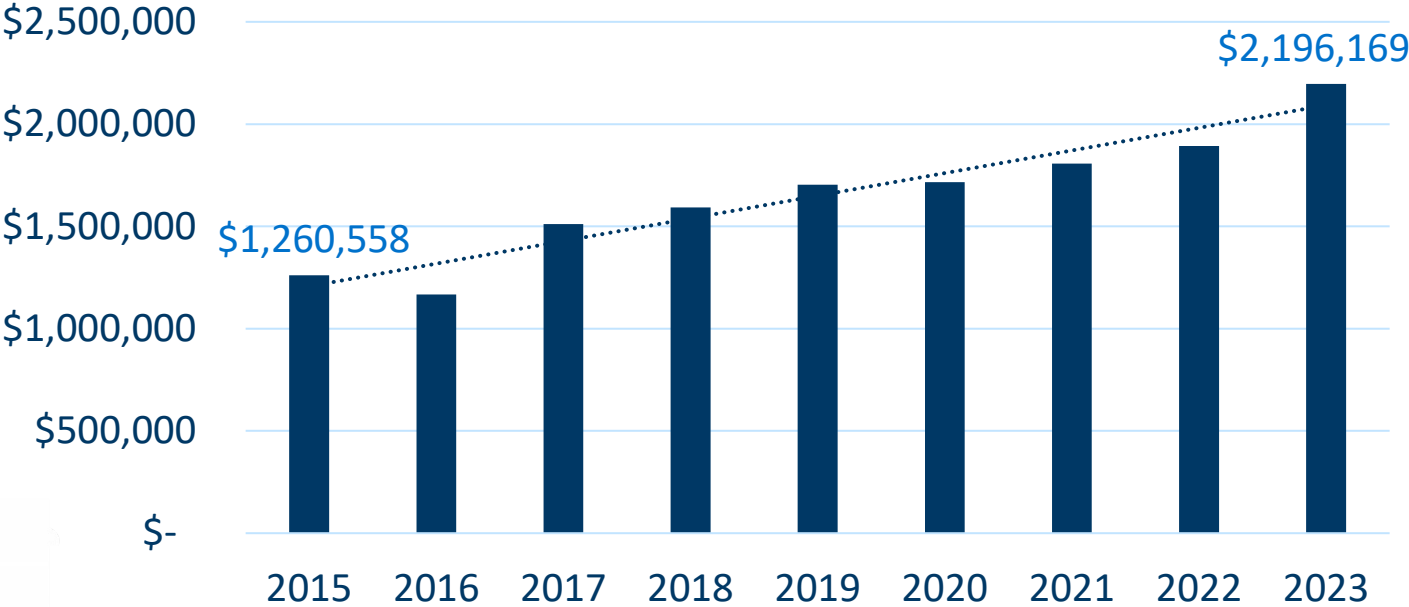
State Agencies: \$2.196 billion

Minnesota State: \$1.55 billion

University of Minnesota: \$2.7 billion

## State Agency Deferred Maintenance: \$2.196 Billion

*Amounts in thousands*





# Non-Building State Assets Drive the Total Need Above \$6.4B

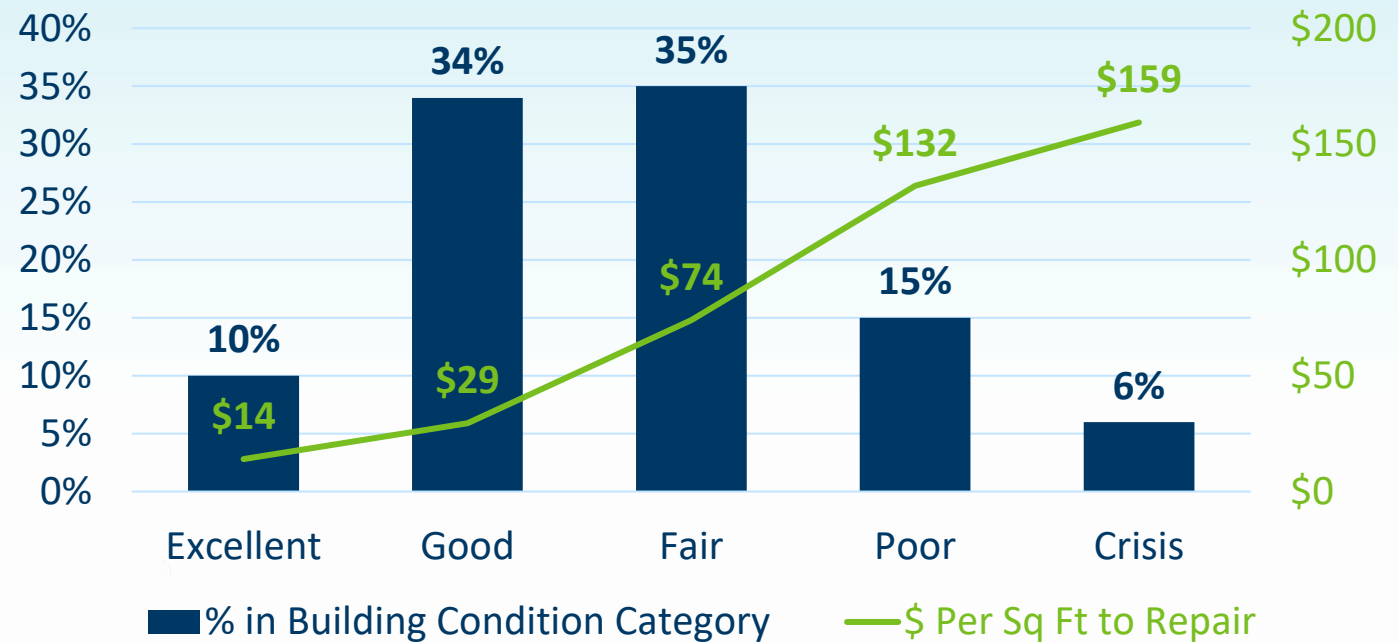




# Urgency to Invest in Asset Preservation

Average age of state agency buildings is 42 years;  
30-40 years is when a major renovation is needed

## Cheaper to Maintain Than Fix



# Overview of the Governor's Infrastructure Plan



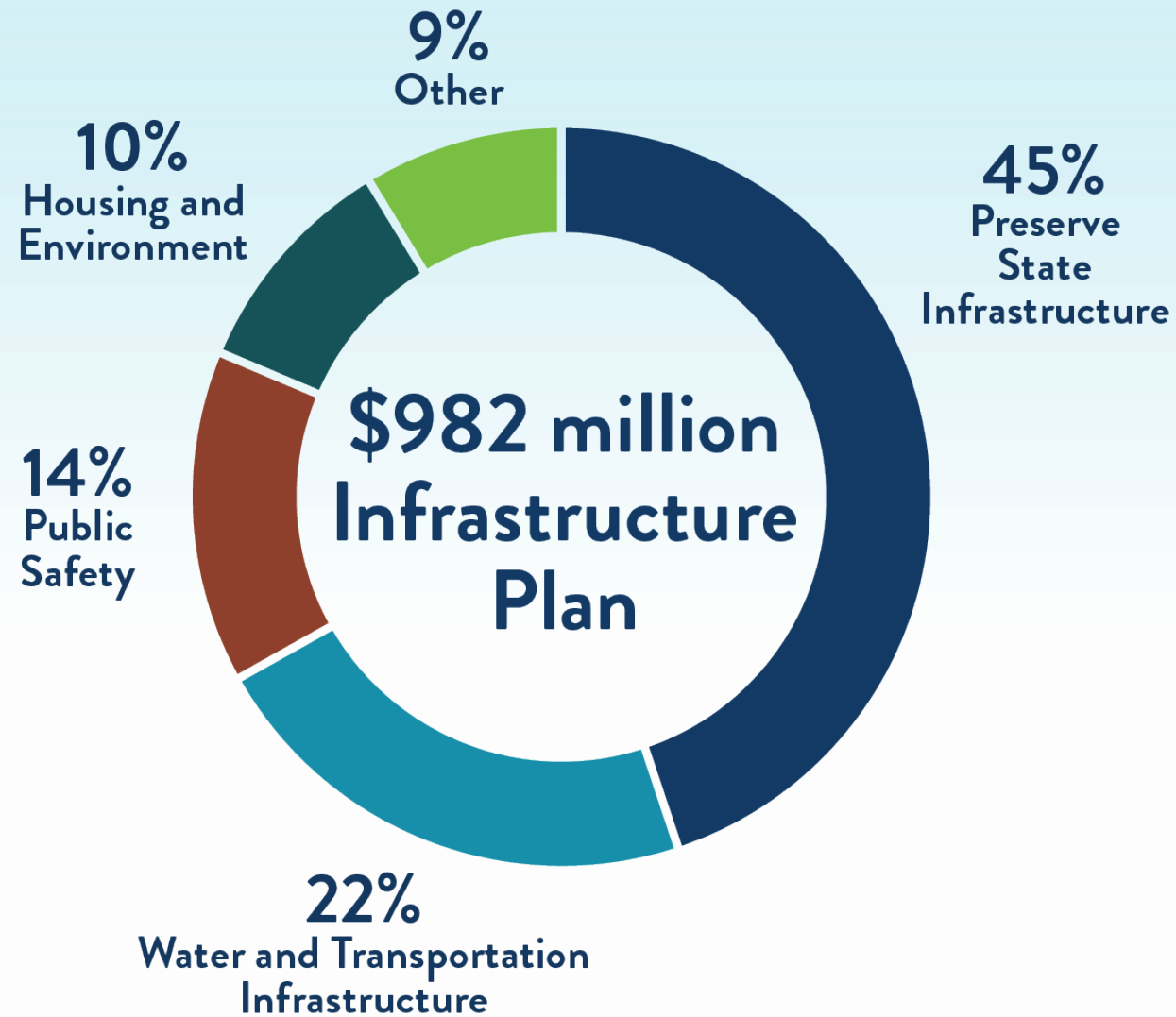
# Key Themes in the Governor's Recommendation

- Within the constraints of the state's debt capacity guidelines and bonding forecast assumptions
- Limited general fund cash investments within the state's budget forecast
- A focus on preserving existing state assets through asset preservation investments





# Governor's 2024 Infrastructure Plan







**Preserve State  
Infrastructure:  
\$441 million**





## Preserve State Infrastructure: \$441 million

- \$103 million for University of Minnesota HEAPR
- \$103 million for Minnesota State: \$82 million for HEAPR and \$21 million for the Saint Paul College project
- \$202 million for state agency asset preservation
- \$22 million for other state agency renovation projects





**Water and  
Transportation  
Infrastructure:  
\$216 million**



## Water and Transportation Infrastructure: \$216 million

- \$40 million for MnDOT high priority bridges
- \$37 million for Met Council bus rapid transit
- \$109 million for PFA water infrastructure loans and grants, including \$18 million for new grants to address contaminants in drinking water
- \$10 million for new MPCA grants to address contaminants in drinking water







**Public Safety:  
\$143 million**



## Public Safety: \$143 million

- \$75 million for DPS investments
  - \$48 million for a new BCA Southern Minnesota Regional Office and Laboratory
  - \$4 million for design and land acquisition for an expansion of the BCA Bemidji Regional Office and Laboratory
  - \$22 million for design and land acquisition for a new State Patrol Headquarters building.
- \$47 million for DOC education and programming expansion at Rush City





A close-up photograph of several hands of different skin tones cupping a small white house icon with a red roof. The hands are positioned in a way that suggests care and support. A dark blue circular graphic is overlaid on the right side of the image, containing the text.

# Housing and Environment: \$98 million



## Housing and Environment: \$98 million

- \$50 million for MHFA Housing Infrastructure Bonds
- \$7.5 million for MHFA public housing rehabilitation
- \$16 million for MDVA Minneapolis Veterans Home, Building 16 remodel
- \$10 million for BWSR Reinvest in Minnesota (RIM) Reserve Program
- \$7 million for DNR Acquisition and Betterment of Public Lands







**Other:  
\$85 million**





## Other: \$85 million

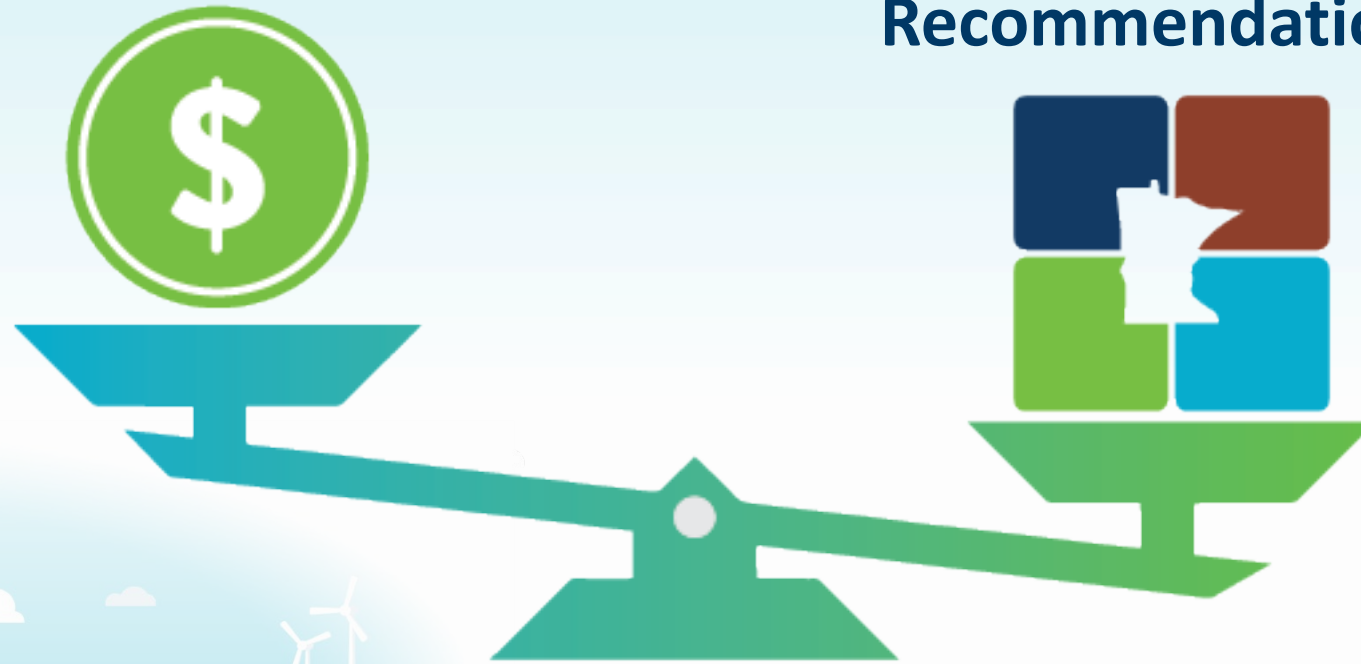
- \$40 million set aside for local project grants
- \$20 million for MnDOT Facilities Capital Improvement Program (St. Cloud headquarters mechanics addition)
- \$12 million for DNR Betterment of Buildings (Hibbing Drill Core Library expansion)
- \$5 million for DHS Early Childhood Facilities Grants



# Leveraged Funds from the Governor's 2024 Infrastructure Plan

**\$640 million**  
in leveraged funds

**\$982 million**  
Governor's  
Recommendations



# Capital Budget Financing



# Capital Budget Funding Summary

<b>General Obligation Bonds</b>	<b>\$830 million</b>
General Obligation (GO) Bonds	\$819 million
User-Financed GO Bonds	\$11 million
<b>Other Financing</b>	<b>\$152 million</b>
Appropriation Bonds	\$50 million
Trunk Highway Cash	\$74 million
General Fund Cash	\$28 million
<b>Total</b>	<b>\$982 million</b>

*Totals above rounded to the nearest million*



# Biennial Impact of the Governor's Recommendations

The November 2023 forecast includes debt service costs for the assumption of \$830 million in general obligation (GO) bonds enacted in the 2024 session. The Governor's Recommendations include \$11 million of GO bonds that are user-financed at Minnesota State, resulting in savings compared to forecast.



General Fund	FY 2024-25	FY 2026-27
General Obligation Bonds	\$(181)	\$(1,371)
Appropriation Bonds	-	\$1,000
General Fund Cash	\$28,000	-
<b>Total General Fund</b>	<b>\$27,819</b>	<b>\$(371)</b>

Trunk Highway Fund	FY 2024-25	FY 2026-27
Trunk Highway Cash	\$74,450	-
<b>Total Trunk Highway Fund</b>	<b>\$74,450</b>	<b>\$0</b>

*Amounts in thousands*





# Capital Budget Materials

**Materials are available on MMB's "Current Capital Budget" website:**  
<https://mn.gov/mmb/budget/capital-budget/current/>





# Questions?