



Office Memorandum

Date: March 27, 2017

To: Representative Dean Urdahl, Chair, Capital Investment Committee
Senator David Senjem, Chair, Capital Investment Committee
Representative Jim Knoblach, Chair, Ways & Means Committee
Senator Julie Rosen, Chair, Finance Committee

From: Commissioner Myron Frans 

Subject: Update to the Governor's Proposed 2017 Capital Budget

The purpose of this letter is to officially transmit an update to Governor Dayton's 2017 Capital Budget recommendations, which were released on January 4, 2017. These changes will lower the Governor's general obligation bonding recommendations by \$2.213 million. Also as a result of these revised recommendations, general fund debt service obligations will be reduced by \$160 thousand in FY 2018-19 and \$391 thousand in FY 2020-21.

City of Ely – Trailhead Facility, \$1.3 million (New)

The Governor recommends \$1.3 million in general obligation bonds to construct a trailhead facility in Ely that includes a visitor information center, rest stop, and parking. The trailhead will connect three area trails: the Prospectors Loop, the Taconite Snowmobile Trail, and the Mesabi Trail.

City of Bemidji – Regional Dental Facility, (\$4.5 million) (Revised)

The Governor's original capital budget recommendation included \$4.5 million in general obligation bonds for a grant to the city of Bemidji for the construction of a regional dental facility. In response to a decision by the Northern Dental Access Center's Board of Directors, the Governor is removing this project from his capital investment bill.

City of Madelia – Public Infrastructure, (\$98 thousand) (Revised)

The Governor's original capital budget recommendation included \$98 thousand in general obligation bonds for a grant to the city of Madelia to repair and replace public infrastructure damaged by a fire in February 2016. On March 6, the legislature passed HF 434, which included a \$1.4 million general fund appropriation to the city of Madelia to remediate the effects of the fire; therefore, state bond funds are no longer needed.

Cancellations, \$1.085 million (Revised)

In his original recommendation, the Governor included \$18.021 million in cancellations from previous general obligation bond appropriations, an amount based on a 2016 estimate of unobligated balances. A portion of that amount was later encumbered, which reduces the cancellations of prior bond appropriations in the Governor's capital budget to \$16.936 million.

General Fund Debt Service Costs

The Governor's original and revised capital budget recommendations for general obligation bonds result in the following debt service costs to the general fund:

(in thousands)

Governor's 2017 Capital Budget Recommendation (February Forecast)

	FY 2018	FY 2019	FY 2020	FY 2021
Governor's Original	11,040	35,522	54,732	58,592
Governor's Revised	11,002	35,400	54,543	58,390
<i>Difference (Savings)</i>	<i>(38)</i>	<i>(122)</i>	<i>(189)</i>	<i>(202)</i>

Should you have any questions on this revised recommendation, please contact MMB's Capital Budget Coordinator at Elizabeth.Connor@state.mn.us or 651-201-8041.

cc: Representative Kurt Daudt, Speaker of the House
Senator Paul Gazelka, Majority Leader
Representative Melissa Hortman, Minority Leader
Senator Tom Bakk, Minority Leader
Representative Alice Hausman, Ranking Minority Member, Capital Investment
Senator Sandra Pappas, Ranking Minority Member, Capital Investment
Bill Marx, Chief Fiscal Analyst, House
Eric Nauman, Lead Fiscal Analyst, Senate
Andy Lee, Capital Investment Fiscal Analyst, House
Casey Muhm, Capital Investment Fiscal Analyst, Senate
Joanna Dornfeld, Deputy Chief of Staff, Governor's Office
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