2000-2005 MINNESOTA STRATEGIC CAPITAL BUDGET PLAN

Environment & Natural Resources

Presented by Governor Jesse Ventura
to the 81st Legislature

2000-2005 MINNESOTA STRATEGIC CAPITAL BUDGET PLAN

ENVIRONMENT & NATURAL RESOURCES

MINNESOTA STRATEGIC CAPITAL BUDGET PLAN 2000-2005

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ENVIRONMENT AND NATURAL RESOURCES

The 2000-2005 Minnesota Strategic Capital Budget Plan ***Executive Summary*** and ***Requests for Each Agency*** can be viewed at the Department of Finance's web site at: http://www.finance.state.mn.us/cb

This document is available in an alternate format.

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Dollars in Thousands ($137,500 = $138)

Project Title	2000 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 2000	Governor's Planning Estimate	
		2000	2002	2004	Total			2002	2004
Laboratory Building	1	$2,500	$22,500	$0	$25,000	385	$0	$0	$0
Rural Finance Authority Loan Participation	2	50,000	0	50,000	100,000	350	20,000	20,000	20,000
Total Project Requests		$52,500	$22,500	$50,000	$125,000		$20,000	$20,000	$20,000

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AGENCY MISSION STATEMENT:

The mission of the Minnesota Department of Agriculture (MDA) is to protect public health and safety regarding food and agricultural products, to provide consumer protection regarding product quality and content, and to ensure orderly commerce in agricultural and food products.

The vision of MDA is to work toward a diverse agricultural industry that is both economically profitable and environmentally sustainable.

TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES, OR CAPITAL PROGRAMS:

Agriculture in Minnesota is a large and dynamic industry. There are significant economic and social changes at work which demand that MDA review and assess the services it provides. These factors also require programs to be flexible. The most significant factors are:

Maintaining Existing Farming Operations. It is important to provide Minnesota's farmers with the information necessary to manage their operations in a way that allows them to meet their future needs as well as customer needs. There are financial challenges in all areas of agriculture, and it is important for MDA to provide direction and assistance whenever possible to maintain a strong base for Minnesota's agriculture.

Changes in Federal Farm Policy. The Federal Agriculture Improvement and Reform Act of 1996 has had a significant impact on Minnesota farmers. The act "de-coupled" feed grain and wheat payments from markets and crop plantings. It eliminated crop acreage controls and annual "set-asides," and reduced U.S. government spending on agricultural programs. The act also presented a unique opportunity for Minnesota farmers to meet the needs of market demands and to be more creative with market opportunities.

Environmental Regulation/Protection. The increasing awareness of the environmental impacts of agricultural activities will place more emphasis on environmental monitoring, compliance and remediation. All agricultural activities will be affected, ranging from the production of inputs through production agriculture to processing and final consumption of agriculture products.

Scientific and Technological Development. The development and adoption of new technologies continues to be a dynamic force in agriculture. New and emerging technologies in agricultural chemical application equipment and food production and processing (biotechnology, irradiated food, reconstituted milk, etc.) will be proposed for adoption as a means to maintain economic competitiveness. Another area of emerging technology lies in the conversion of agricultural feed stocks into commercial and industrial products. Biotechnology will impact production agriculture directly.

Aging Infrastructure. Much of the rural infrastructure will undergo major rehabilitation or replacement in the next 2 decades. An opportunity exists to provide scientific and technical guidance in a manner that balances the needs of production agriculture with expectations for environmental protection.

Demographic and Economic Trends. Population growth world-wide and long-term economic expansion are expected to increase demand for U.S. agricultural products. Our agriculture and food and fiber system represents 17% of Minnesota's Gross State Product (GSP); and generates jobs for about 27% of the Minnesota work force. Minnesota ranks 7th in the nation with $3.04 billion in farm exports in 1996.

PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY, AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS, OR ASSETS:

MDA currently has only 2 capital projects that are still in progress. They are:

- *Rural Finance Authority Loan Participants.* The Rural Finance Authority (RFA) was established in 1986, under the authority of Article XI, Section 5, Clause (h) of the Minnesota Constitution, to institute a program under which state bonds are issued and proceeds are appropriated to develop the state's agricultural resources. The 1986 Minnesota Legislature authorized the sale of $50 million in general obligation bonds to fund the initiative. The program received an additional $41 million bond authorization from the 1996 Minnesota Legislature and a special $1.25 million authorization for flood relief in the 1997 Second Special Session.

- *Soybean Oilseed Processing and Refining Facility Grant.* Laws of 1998, appropriated $500 thousand for a grant to a political sub-division for a site for a soybean oilseed processing and refining facility, constructed by a Minnesota-based cooperative. The city of Fairmont received the grant.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The department's Agency Performance Report of 1998 defines 5 goals and objectives that support the agency's mission. These goals are:

- Work toward a diverse agricultural industry.
- Promote an agricultural industry that is economically profitable and environment-ally sustainable.
- Protect public health and safety regarding food and agricultural products.
- Provide consumer protection regarding product quality and content.
- Assure orderly commerce in agricultural and food products.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

For the internal agency review process, divisions utilized the following criteria to suggest projects:

- Farmers are stewards of the land.
- Administer financial assistance programs that provide affordable financing to farmers and small agri-businesses.
- Ensure a safe and wholesome food supply through inspection and regulatory programs that monitor the production, processing and sale of food products.

The executive management team also applied the following criteria to the projects suggested:

- MDA's ability to provide analytical services that ensure the safety of agricultural and food products.
- Availability of affordable financing to farmers and small agri-businesses.
- Emerging bio-technologies and their impact on Minnesota agriculture.

Based on the above criteria, the department recommends the approval of the following projects for the 2000 Capital Budget.

- Pre-design and design of Laboratory Facility. This facility will house the environmental laboratories for the MDA.

- Rural Finance Authority Loan Participations. The mission of the RFA (M.S. Chapter 41B and 41C) is accomplished by purchasing participations in farm real estate loans originated with agricultural lenders. The RFA provides below-market interest rate financing to eligible farmers for purchasing farm real estate, restructuring current debt, making improvements to the farm, expanding livestock production, and purchasing stock in farmer-owned cooperatives. The RFA cooperates with 380 participating agricultural lenders. Repayment of these loans does meet the debt service obligations of the state bonds sold to provide needed loan funds.

Along with the University of Minnesota and the Department of Finance, the MDA has discussed the possibility of establishing a federally licensed biological containment facility to screen exotic pest organisms brought into Minnesota. This specialized greenhouse will enable Minnesota scientists to accelerate research on topics relevant to Minnesota. While federally licensed quarantine facilities are available in 2 other states, they do not have sufficient capacity to carryout the research agenda of Minnesota scientists. The exotic pest control organisms will be used both in biological control as well as components in integrated pest management strategies. After extensive discussion, the interested organizations decided that the University would include this item in its budget request.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1994-1999):

The East Grand Forks Seed Potato facility is now complete. Funds for this facility were appropriated in 1992 and 1995.

The greenhouse for biological control agents, located at the Metropolitan State University, St. Paul campus, was completed during F.Y. 1998.

RFA was transferred to the agency 07-1-91. General obligation bonds of $50 million were approved under Laws of 1986 and $41 million under Laws of 1996.

A grant of $500 thousand was appropriated under Laws of 1998 for a political subdivision for the construction of a soybean oilseed processing and refining facility.

2000 STATE APPROPRIATION REQUEST: $2,500

AGENCY PROJECT PRIORITY: 1 of 2

PROJECT LOCATION: The preferred location is the metro area.

PROJECT DESCRIPTION:

The department requests $2.5 million for the pre-design and design requirements for a new laboratory facility for the Department of Agriculture (MDA). The new laboratory would be 50,000 square feet, a little more than twice the space of our current 22,000 square-foot facility we now have. The new facility would contain working laboratory space and utility access space.

MDA's current laboratory facility was originally considered a temporary site, since it is housed in retrofitted office space. The current building infrastructure is insufficient to meet the needs of the laboratory and to provide a safe and healthy working environment for MDA employees. As laboratory standards and procedures continue to be updated, our makeshift laboratory space becomes more and more inadequate.

The current facility is leased space and the MDA has been forced to make sizable investments into abatement measures for problems directly associated with limitations of the current laboratory structure. Additionally, new initiatives and changes in current program goals, combined with the new International Standards Organization (ISO) 17025 requirements for the laboratory, will demand further retrofits of a facility that can no longer support them.

Remodeling of leased space to meet the changing needs of the department continues to be a drain on agency resources and results in an improvement--at the state's cost--to the leased space.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The condition of our current facility, trends in MDA programs, other state/federal programs and novel approaches to addressing our analytical laboratory needs have forced us to evaluate our current building infrastructure. For 19 years the MDA laboratory has been in the existing leased office space. Despite regular and ongoing retrofitting, the space can no longer meet the agency's needs.

Many of the system inefficiencies we have identified in our Laboratory Services Division are due to the physical constraints of the laboratory space itself. We have tried to address these by remodeling to the extent possible within our current budget. However, we have reached a point where we are in jeopardy of being unable to comply with increasingly stringent laboratory health standards.

In addition to the difficulties of keeping our existing laboratory space compliant with developing lab standards, we are also struggling to cope with changes in the nature of the laboratory work. An expansion of analytical activities within the pesticide residue, microbiological monitoring and water-quality monitoring areas has changed both the nature and quantity of the work performed in our lab. This has resulted in changing requirements of the facilities needed to perform these analyses.

Additionally, the MDA consolidation of the Department of Natural Resources' Carlos Avery and Hibbing laboratories in 1994 has added demands on our current facility. Similarly, we are exploring a unique arrangement with the Food and Drug Administration, which will require changes to our current facility to maximize the potential of this relationship.

Failure to address the needs of the MDA laboratory will result in a stagnation of program advancements as related to their analytical requirements. Novel approaches to interagency/intergovernmental cooperation will also be hindered.

Currently, MDA pays rent for this leased space. The lease rate includes basic utilities. The lease rate for the current 5-year lease (1999-2003) ranges from $34.28 to $36.93 per square foot of laboratory space, or $4.5 million for the 5-year period. This figure does not include the costs of any remodeling we are likely to require during this period.

OTHER CONSIDERATIONS:

Other considerations would be continuation in our current location, retrofitting leased general office space for laboratory purposes as required.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	225	0	0	225	09/2000	06/2001
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	2,275	0	0	2,275	06/2001	12/2001
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	2,275	0	0	2,275		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						07/2002	06/2003
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	22,500	0	22,500		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	22,500	0	22,500		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$0	$2,500	$22,500	$0	$25,000		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	2,500	22,500	0	25,000
State Funds Subtotal	0	2,500	22,500	0	25,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**2,500**	**22,500**	**0**	**25,000**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	2,500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
Yes	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
Yes	MS 16B.335 (5): Information Technology Review. (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

Admin would recommend that only predesign for this project be funded until greater detail of the scope of the project can be identified.

Department of Finance Analysis:

A new lab would allow the department to reduce health risks of exposed lab workers. Also, a new facility would provide more reliable lab results and would be more suitable for new analytical needs.

The options to address the space needs of MDA and other state agencies are still being examined. Thus, it is premature to recommend funding for this project alone.

Governor's Recommendation:

This project is part of a larger initiative recommended by the Governor to address the critical need for land acquisition, design and development of important state buildings in or near the Capitol complex.

In this initiative, the Governor recommends $100 thousand from the general fund for a new *Strategic Plan for Locating State Agencies,* $2 million in general obligation bonding for design funding for high priority facilities that will be identified through the strategic plan as needing immediate development, and $5.7 million in g.o. bonding for property acquisition for such facilities.

It is anticipated that the *Strategic Plan for Locating State Agencies* will review state agency space needs, guide location issues, and determine the order of priority for development of facilities for the departments of Health, Human Services, Agriculture, and other state agencies.

For additional information, please see the project requests and Governor's recommendations as contained in the Department of Administration's request package.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	40
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	385

2000 STATE APPROPRIATION REQUEST: $50,000

AGENCY PROJECT PRIORITY: 2 of 2

PROJECT LOCATION: Rural Minnesota

PROJECT DESCRIPTION:

The department requests $50 million for Rural Finance Authority loans to develop the state's agricultural resources. The loans would provide affordable financing to farmers and small agri-businesses.

Project History:

The Rural Finance Authority (RFA) was established in 1986 to administer a program under which state bond proceeds are appropriated to develop the state's agricultural resources. The RFA accomplishes this by extending credit on real estate security. The initial program was designed to help lenders and borrowers restructure undersecured farm real estate loans. The initiative was expanded in 1987 to assist beginning farmers with purchasing their own farms. The RFA has since grown to include a variety of unique options, including the Beginning Farmer and Seller Assisted Programs; the Agricultural Improvement Loan Program; the Livestock Expansion Loan Program, and the Restructure Loan Program.

The 1986 Minnesota Legislature authorized the sale of $50 million in general obligation bonds to fund the initiative. An additional $41 million in general obligation bonds was authorized by the 1996 Minnesota Legislature to continue the program.

Program Purpose:

The purpose of the Rural Finance Authority's programs and of the bonds issued to finance these programs is to purchase participation interests in loans. The loans will be made available by agricultural lenders to farmers on terms and conditions not available from other credit sources. The RFA will purchase a 45% interest in the lender's first mortgage (up to $100 thousand) to an eligible farmer. Participation in the Livestock Expansion Loan Program may be up to $250 thousand. This participation interest is set up on a reduced interest rate to improve the farmer's cash flow and to share the loan risk with the lender. The RFA and lender become partners, and each owns a share of the mortgage.

Impacts on Agency Operating Budget:

The additional bond authorization will not change the staffing or administrative costs of the program. The RFA loan activity is user financed. Proceeds from the sale of state general obligation bonds are used to purchase a portion of farm real estate loans. The principal and interest receipts from the loan participations are deposited into a reserve account for redemption of bonds issued under the RFA loan programs. Each December 1, these funds are transferred from the reserve account to the Debt Service Fund. Since F.Y. 1988, the RFA has repaid $32 million for bond redemption and interest payments.

Other Considerations:

Since its inception, the RFA has enabled more than 1,400 Minnesota farmers to purchase farms, improve them, or add efficient, up-to-date livestock facilities. As of 5-31-1999, the RFA has purchased more than $71 million in loan participations. The additional authorization will allow the RFA to continue offering credit to farmers on favorable terms and conditions, and promote the public welfare by assuring the viability of farm operations.

Project Contact Person:

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Agriculture, Department of
Rural Finance Authority Loan Participation

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	50,000	0	50,000	100,000	07/2000	06/2003
GRAND TOTAL	$0	$50,000	$0	$50,000	$100,000		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	50,000	0	50,000	100,000
State Funds Subtotal	0	50,000	0	50,000	100,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**50,000**	**0**	**50,000**	**100,000**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	0	0.0%
User Financing	50,000	100.0%

STATUTORY AND OTHER REQUIREMENTS

Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.

No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

Under the program, RFA purchases a portion of certain agricultural loans that banks make to farmers. This allows the bank to offer a reduced interest rate to farmers. As a result of the program, banks have more credit available to farmers or to general customers.

Farmers repay their loan to the bank and the bank, in turn, repays the RFA. RFA then pays the debt service on the bonds. Thus, the debt issued for the RFA is user-financed.

Seventy-five percent of the program is aimed at beginning farmers who are purchasing farm real estate for the first time. Other programs assist in financing farm improvements and livestock expansion.

Governor's Recommendation:

The Governor recommends a partial appropriation of $20 million for financial assistance programs for farmers. This appropriation is from general obligation bonding and is user-financed. Also included are budget planning estimates of $20 million in 2002 and 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	100
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	350

Dollars in Thousands ($137,500 = $138)

Project Title	2000 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 2000	Governor's Planning Estimate	
		2000	2002	2004	Total			2002	2004
Statewide Asset Preservation	B-1	$2,000	$2,000	$2,000	$6,000	395	$2,000	$2,000	$2,000
Office Facilities Development - DNR	B-2	5,048	8,021	12,697	25,766	310	5,048	8,021	12,697
Field Office Renovations & Improvement	B-3	1,497	2,000	2,000	5,497	250	1,497	2,000	2,000
ADA Compliance	B-4	3,000	3,000	3,000	9,000	370	3,000	3,000	3,000
State Park & Rec Area Bldg Rehab	B-5	1,900	3,000	3,000	7,900	470	1,900	3,000	3,000
State Park & Rec Area Bldg Dev	B-6	500	1,300	1,300	3,100	250	500	1,300	1,300
Dam Repair/Reconstruction/Removal	NB-1	1,700	2,000	2,000	5,700	465	1,700	2,000	2,000
State Park & Rec Betterm't Rehab	NB-2	1,600	2,000	2,000	5,600	445	1,600	2,000	2,000
Flood Hazard Mitigation Grants	NB-3	8,000	15,000	17,000	40,000	435	8,000	15,000	17,000
Trust Fund Lands	NB-4	1,000	1,000	1,000	3,000	115	500	500	500
Forest Roads and Bridges	NB-5	1,300	1,000	1,000	3,300	370	1,300	1,000	1,000
Fisheries Acquisition	NB-6	500	500	500	1,500	290	500	500	500
RIM - Fisheries Improvement	NB-7	200	500	500	1,200	255	200	500	500
SNA's and Prairie Bank	NB-8	1,600	1,600	1,600	4,800	355	1,600	1,600	1,600
Stream Protection and Restoration	NB-9	1,000	1,000	1,000	3,000	245	1,000	1,000	1,000
Reforestation	NB-10	700	700	700	2,100	225	0	0	0
RIM - Critical Habitat Match	NB-11	1,000	1,000	1,000	3,000	400	1,000	1,000	1,000
Metro Greenways and Natural Areas	NB-12	1,500	1,500	1,500	4,500	245	1,500	1,500	1,500
RIM - Wildlife Dev/Habitat Improve	NB-13	2,000	2,000	2,000	6,000	270	2,000	2,000	2,000
State Forest Land Acquisition	NB-14	1,000	1,000	1,000	3,000	250	0	0	0
State Park and Rec Area Acquisition	NB-15	1,000	1,500	1,500	4,000	345	700	1,000	1,000
Forest Recreation Facility Rehab	NB-16	500	1,000	1,000	2,500	240	500	1,000	1,000
Water Access Acq, Better, & Fishing Piers	NB-17	1,000	1,000	1,000	3,000	330	0	0	0
Trail Acq. Dev. - Paul Bunyan Trail	NB-18	1,400	2,000	2,000	5,400	300	1,400	2,000	2,000
Lake Superior Safe Harbors	NB-19	4,000	5,000	5,000	14,000	285	0	0	0
Metro Regional Parks Capital Improve. Prog.	G-1	5,000	5,000	5,000	15,000	265	5,000	5,000	5,000
State Trail Connections	G-2	1,000	1,000	1,000	3,000	185	1,000	1,000	1,000
Total Project Requests		$50,945	$66,621	$73,297	$190,863		$43,445	$57,921	$64,597

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AGENCY MISSION STATEMENT:

The mission of the Minnesota Department of Natural Resources (DNR) is to work with people to manage the state's diverse natural resources for a sustainable quality of life. Minnesota's natural wealth exerts a powerful influence on the state's culture, while contributing to a multi-billion-dollar economy based on outdoor recreation, tourism, and other resource-dependent businesses.

DNR is the major land management state agency, administering 94% of all state-owned land administered by state agencies. This includes ownership of 12 million acres in mineral rights and 5.3 million acres of land for parks, wildlife areas, public water accesses, scientific and natural areas, state trails, and state forests. These lands provide wildlife habitat and recreational opportunities and play an important role in supporting resource industries.

The agency creates safe opportunities to utilize resources to provide economic return. It provides forest fire protection to billions of dollars worth of private and public timber, as well as private property, in forested areas, encompassing 45 million acres. It develops and disseminates information on recreational travel and educational materials on natural resource subjects. It provides assistance to local governments, organizations, and individuals on natural resource matters such as forest manage-ment, wildlife habitat improvement, and trail development.

Activities regulated by the department include hunting; trapping; fishing; boating; snowmobiling; wild rice gathering; mineral exploration, mining, and reclamation; dredging, filling, and draining protected waters and wetlands; constructing and maintaining dams; appropriating and using surface and ground waters; establishing lake levels; developing shorelands, floodplains and the shores of wild, scenic and recreational rivers; permitting and licensing private game farms, fish hatcheries, roadside zoo operations; and open burning.

TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES, OR CAPITAL PROGRAMS:

Through its strategic planning processes, the department has identified significant factors and trends that affect the demand for DNR services, facilities, and capital programs.

- Demographic shifts will influence who uses resources, what resources are in demand, and where resources are used; urban growth will continue expanding into rural areas.

  The state's population is growing, and the fastest-growing group is people of color. The state's population also is aging, and baby boomers soon will soon begin reaching retirement age. Minnesotans are well educated, and family income is high. Family size has declined, while the number of single-parent families has increased. Population is growing in urban areas, suburban areas, and in and around rural communities throughout the state. With urbanization, fewer people have direct connections or experiences with the natural landscape, which can change their views and values about the environment.

  Surveys and market preferences indicate that most Americans prefer a single-family dwelling in a non-urban setting. The availability of large tracts of undeveloped land at comparatively inexpensive prices has supported growth in rural land development in many parts of Minnesota. Many Minnesotans have home site choices not readily available in other areas of the United States. Often the land chosen for residential sites is wooded, hilly, and near water. These same landscapes are important elements of the state's natural ecosystems and are critical to providing high-quality outdoor recreation opportunities, such as hunting, fishing, and canoeing.

- Technology will reshape how natural resources are used and will create new issues in resource management, but will also offer new solutions to some complex issues.

  Technology can change market demand, generate concerns about new or more intensive demand on natural resources, and create new possibilities for resource management. Technology offers opportunities for new recreational uses; personal watercraft, roller blades, mountain bikes, and off-road vehicles are examples of recent market trends that have created new demands for recreational access and facilities.

  Advances in communications and computing will improve information-sharing and problem-solving capacity. Biotechnology may improve the productivity of some natural resource processes and the ability to manage resource pests such as exotic species and plant diseases. Many technology-driven changes will be unpredictable in their advent and impacts.

- Political shifts and social and economic forces will define several conditions important to resource management, including resource use, customer needs and wants, and revenues available for managing natural resources.

  Shifts of responsibilities from the federal level to the state and local level of government will continue. Interest in privatization of public services may continue.

  While survey findings show that Minnesotans highly value their natural heritage, concerns about education, public assistance, housing, and crime will continue to claim the attention of policy makers and the general public and may limit revenue available for resource management. The DNR will be challenged to provide services to a more ethnically and racially diverse population living primarily in urban areas. Local involvement in resource management decisions will grow as citizens and local governments become more aware of resource management needs and the role of local land use planning and regulation.

The natural resource sector of the state economy continues to grow and change. Between 1989 and 1995, earnings in key natural resource sectors in Minnesota grew at a healthy rate and employment expanded in most of these sectors. Natural resource industries in Minnesota that once served mostly local markets increasingly are part of the global economy. Market demand and production centers in other nations have a more significant influence on Minnesota's natural resource industries than in the past; global market influences are less predictable but may suggest higher demand and less market volatility for natural resource products.

America's affluent society creates large demands on natural resources like timber and minerals, despite efforts to recycle and reduce waste. Even in outdoor recreation and leisure pursuits, use of more sophisticated equipment can affect resource management. As third world nations begin to prosper, their consumption of goods and services will also grow and influence demand for Minnesota's resource products.

- Public perceptions about the state of the environment will define resource management issues and opportunities.

  Awareness of existing environmental conditions and beliefs about natural resource sustainability are a baseline for popular definition of problems. The difficulties and distress caused by drought, floods, wildfire, and pathogens often require a shift in resource management priorities to address crisis situations. Historical environmental conditions provide information for evaluating ecosystem health and guidance for ecological restoration.

PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY, AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS, OR ASSETS:

The DNR seeks to develop facilities that enhance natural resource management work performance. This performance depends on the successful deployment of people, equipment, material, technology, time and space. Facilities enhance or hinder work performance based on facility condition, suitability, and functionality.

The workplace is the DNR's second most expensive asset, after its people. We manage the facility asset as the physical context within which our people develop and function as workers. Buildings are a fundamental organization tool to promote and support the kinds of teamwork that is critical to our long-term success.

Previously appropriated funds for Asset Preservation, plus CAPRA funds from the Department of Administration have helped the DNR make significant progress in correcting many serious facility repair problems. The department has not kept pace with the rate at which facility deterioration is occurring and continues to face many serious problems.

Condition, Suitability, and Functionality

The current condition, suitability and functionality of many DNR facilities are generally poor and hinder work performance. Major issues include overcrowded conditions, facility use at odds with design, and inadequate basic building services and utilities needed to support operations.

Day-to-day operations are hindered in inadequate and aging facilities. Changing codes, standards and uses have combined to create a pent-up demand for suitable and fully functional facilities for the DNR. The need for significant repairs and major work to correct code and standards violations is widespread. Accessibility for the disabled to DNR buildings, trails, and other facilities is still inadequate. Replacement, renovation and adaptation of facilities have been underfunded and the demand for suitable facilities substantially exceeds available inventories.

The current inventory of facilities is a poor match to the interdisciplinary management goals of the DNR. Facilities for smaller work units are separated and isolate the resource management workers from other DNR work units. Effective and efficient interactions among disciplinary specialists and across agencies call for a better match of facilities to activities.

Trends toward customer service and public involvement call for facilities that can accommodate public participation on locally significant issues. Local DNR offices must be accessible to customers who are seeking permits, information, and technical assistance. In addition, few DNR facilities can accommodate even small meetings or effectively demonstrate and interpret important local natural resource management issues.

Some of the most pressing needs are summarized as follows:

- Mandates for healthy work places, safety, and accessibility must be fulfilled along with addressing issues affecting employee productivity.
- Aging facilities need extensive renovation to meet new requirements or to correct the effects of deferred maintenance. Accelerated deterioration of facilities is occurring due to underfunded operating budgets for maintenance, repair, and replacement. This deterioration is eroding the state's capital investment in facilities faster than is fiscally prudent to allow.
- Energy conservation requires new building designs, construction material, and energy management systems.
- Historically significant structures require special handling to be maintained as a part of the human history of the state.
- Facility acquisition, renovation, placement or divestiture must accommodate the organizational vision while serving user requirements.

- Flexible, adaptable space is needed to accommodate changes in the deployment of natural resource management workers, equipment, information, and material.
- Rapid advances in technology have altered the work place. Planning is required for flexibility in organizational function and information transmission.

The DNR has on inventory 1,969 active, full-maintenance buildings ranging from vault toilets to complex office buildings housing more than 100 people. Each represents a significant part of DNR's investment in facilities and a set of facility management issues including public access and maintenance obligations. Of these buildings covering 2.3 million square feet, more than a third are 50 years old or older; in other words, fully 38% of the physical plant is beyond its design life. Only 21% of the department's buildings have been built using design constraints roughly equivalent to today's standards.

Facility Management Costs

Detailed information on management costs for facilities such as those owned by the DNR is available through "The Building Owners and Managers Association (BOMA) Experience Exchange." BOMA information indicates that for the type of facilities we manage we should expect that our annual maintenance obligation is $1.77 per gross square foot per year.

The state and the DNR must achieve the best possible return on its significant investment in facilities. This suggests a need to plan for adaptation to new uses and standards. We need to plan and budget for custodial care, catastrophic losses, energy management, furnishings and the cost of divestiture. Current industry information indicates that owners of facilities of the type managed by the DNR experience costs of $3.24 per square foot for these issues. However, DNR funds annual maintenance, repair, custodial care, energy management, adaptation at about $0.66 per square foot.

In short, because of the funding disparity, we have accumulated a $21.7 million iceberg of deferred maintenance and repair. The physical configuration of the department's facilities and the organization's need for facilities have diverged so far that there is a significant mismatch between operational need and the physical support infrastructure.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

Minnesota's ecosystems — extensive forests, lakes, rivers and wetlands, agricultural lands, and prairie grasslands are the foundation of the state's economy and quality of life. Minnesota has developed a first class recreation system based on these ecosystems. Scientific resource management supports a diverse resource-based industry and yields a habitat mix of rich diversity. However, increased demand on natural resources along with changes in land use and outdoor recreation will challenge DNR's ability to meet its vision of ecosystem sustainability.

The vision of the DNR is *to work with people to manage the state's diverse natural resources for a sustainable quality of life.* DNR's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving this vision and provides a guiding framework for budget investment decisions. Through its strategic planning process, the DNR endorsed the following goals to implement its vision of sustainability:

- To maintain, enhance, or restore the health of Minnesota's ecosystems so that they can continue to serve environmental, social and economic purposes.
- To foster an ethic of natural resource stewardship among all Minnesotans.

Capital Budget Plan

The Capital Budget Plan identifies 4 priority areas where capital investment can contribute to achieving the DNR's strategic plan goals:

Priority A: Provide a safe and healthy work environment for DNR employees; pursue efficiency and effectiveness in support operations; provide better access for customers to field offices; address public safety needs.

Relationship to Strategic Goals: A safe and healthy work environment and safe, accessible public facilities are essential for meeting the needs of Minnesota citizens for access to the outdoors and access to state government. These projects will enhance the ability of DNR employees to carry out their work responsibilities and to interact with citizens and stakeholders directly and responsively. On-going public safety responsibilities will be met through continued effort on dam safety and flood damage reduction programs.

Projects: Office Facilities Development; Field Office Renovations & Improvements; ADA Compliance; State Park Building Development; Dam Repair/ Reconstruction/Removal; Flood Hazard Mitigation Grants.

Priority B: Preserve and rehabilitate existing capital assets.

Relationship to Strategic Goals: The state's investment in existing DNR facilities is declining rapidly due to insufficient funds for maintenance and repairs, which reduces the lifetime and capacity of those facilities to support the efforts of staff to meet the strategic goals of fostering stewardship and providing services through healthy ecosystems.

Projects: Statewide Asset Preservation; State Park Building Rehabilitation; State Park Betterment Rehabilitation; Forest Recreation Facility Rehabilitation.

Priority C1: Take advantage of unique opportunities to acquire or enhance opportunities for outdoor recreation and improved ecosystem health.

Relationship to Strategic Goals: Significant natural resources will be lost to the public if unique opportunities are missed. Protecting significant natural resources through acquisition and improvement of existing holdings can provide tremendous benefits for ecosystem integrity and sustainable recreation opportunities that may not be available in the future.

Projects: Trust Fund Lands; RIM Critical Habitat Match; Fisheries Acquisition; Forest Roads and Bridges; Reforestation; RIM - Fisheries Improvement; RIM - Wildlife Development/Habitat Improvements; SNAs and Prairie Bank; Metro Greenways & Natural Areas; Water Access Acquisition, Betterment & Fishing Piers; Trail Acquisition, Development & Betterment; Stream Protection/Restoration; State Park Acquisition; State Forest Land Acquisition; Lake Superior Safe Harbors - McQuade Road.

Priority C2: Leverage other funding sources by partnering with other government units and non-governmental organizations.

Relationship to Strategic Goals: With diminishing state funds and increasingly shared responsibilities for natural resources, local government and the non-profit sector are becoming important partners in ecosystem-based management and natural resource stewardship. Small amounts of state funds can be leveraged through such partnerships to produce more substantial outcomes and broad-based involvement in meeting DNR's goals.

Projects: State Trail Connections; Metro Regional Parks Capital Improvement Program.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

The department has taken a number of steps to improve its capital budget planning and implementation processes. The capital budget coordination group manages all aspects of DNR's capital improvements; membership consists of representatives from the Office of Management & Budget Services, Field Services, Engineering, and the Commissioner's Office. This group monitors implementation of current projects and plans and designs the capital budget. They work with program managers from the Department disciplines to monitor progress and share information.

The DNR has established a department-wide database for capital projects. All units use this database to record cost, priority, and other data supporting the capital requests. The Bureau of Engineering has reviewed and approved all building cost data for these requests. The department coordinates with other state environmental agencies to develop a comprehensive capital budget addressing the most pressing environmental needs.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1994-1999):

During the past 6 years, funding for capital projects has been appropriated in the following categories:

Forest Roads Improvement
State Forest Acquisition
State Parks Betterment and Acquisition
State Trails Acquisition and Betterment
Fisheries Acquisition and Fish Hatchery Improvement
Eagle Creek Acquisition
Scientific & Natural Areas Acquisition and Improvement
Dam Repair and Reconstruction
Flood Hazards/Damage
Well Sealing
Reinvest in Minnesota
Interpretive and Educational Facilities (ELC Grants)
Local Recreation Grants
Department Buildings
Underground Storage Tank Removal and Replacement
Statewide Deferred Renewal
Metropolitan Council Regional Parks

Dollars in Thousands ($137,500 = $138)

2000 STATE APPROPRIATION REQUEST: $2,000

AGENCY PROJECT PRIORITY: 1 of 6 (Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $2.0 million in bonding for the Department of Natural Resources (DNR) Asset Preservation Program.

The department has identified $21.7 million in deferred asset preservation projects for statewide facilities. This large backlog was the result of a lack of adequate funding for the facility maintenance and repair program for many years. This has resulted in a "capital iceberg" of deferred maintenance and repair projects. This request for $2.0 million represents the minimal level of funding necessary to stabilize the growth of the "capital iceberg" and to begin moving towards elimination of it by correcting building deficiencies. Funding this request will provide for all aspects of asset preservation, including roof repair, plumbing and heating, electrical repair and renovation, energy efficiency improvements and structural renovations.

The facility maintenance and repair projects included in the DNR request are separate from and not included in the Department of Administration's Capital Asset Preservation and Replacement Account (CAPRA) request.

Many of the DNR facilities suffer from a wide range of code violations. These violations include: non-compliant sanitary and plumbing systems; substandard electrical and lighting services; inadequate heating, ventilation and air conditioning in employee work spaces; and occupancy of unsuitable spaces.

The DNR continues to invest in human resources by supporting a trained, equipped, productive, and culturally diverse work force. Maintenance and rehabilitation of facilities to allow full access and function for our work force and the user public will significantly enhance the delivery of resource management services.

Facility condition significantly contributes to or detracts from the DNR's ability to manage the state's natural resources. Poor lighting, ventilation, and inadequate utility services often hinder the day-to-day effort to manage the state's resources. It is in the state's best interest to maintain facilities in the best possible condition to enhance employee productivity and to protect the long-term investment in buildings.

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):

Funding this request will help the DNR to address the backlog of deferred asset preservation projects. The net result is to slow the erosion of our annual operating budgets. Installation of more efficient building systems and enhancing the energy conservation characteristics of buildings will net operating savings. Adequate funding for annual maintenance, repair, and betterment obligations will result in lower future obligations for more costly deferred repair and replacement.

The 1999 Legislature approved a change item for the operating budget of $2.5 million for F.Y. 2000 and $500 thousand for F.Y. 2001 and beyond for statewide asset preservation and repair.

PREVIOUS PROJECT FUNDING:

Previous state capital budget appropriations include:

M.L. 1994, Chapter 643, sec. 23	1.4 million	Bonding
M.L. 1996, Chapter 463, sec. 7	.5 million	Bonding
M.L. 1998, Chapter 404, sec. 7	2.2 million	General

OTHER CONSIDERATIONS:

Many DNR facilities are physically inefficient, a hindrance to the resource management effort, inaccessible, unhealthy, and unsafe for employees and the public due to deferred maintenance and the associated deterioration of building conditions. Improved facility conditions and workplace utility will improve employee retention, morale, collaborative work and productivity. These same improvements will reduce the states exposure to risks associated with unsafe and unhealthy facilities.

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Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	22	8	8	8	46	07/2000	12/2000
Design Development	33	8	8	8	57	07/2000	12/2000
Contract Documents	26	8	8	8	50	07/2000	12/2000
Construction Administration	20	0	0	0	20		
SUBTOTAL	101	24	24	24	173		
4. Project Management						07/2000	06/2002
State Staff Project Management	33	15	15	15	78		
Construction Management	0	0	0	0	0		
SUBTOTAL	33	15	15	15	78		
5. Construction Costs						08/2000	06/2002
Site & Building Preparation	119	50	50	50	269		
Demolition/Decommissioning	0	0	0	0	0		
Construction	3,191	1,400	1,400	1,400	7,391		
Infrastructure/Roads/Utilities	464	300	300	300	1,364		
Hazardous Material Abatement	53	50	50	50	203		
Construction Contingency	0	41	41	41	123		
SUBTOTAL	3,827	1,841	1,841	1,841	9,350		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	106	100	100	100	406	08/2000	09/2002
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	33	20	20	20	93	08/2000	09/2002
SUBTOTAL	139	120	120	120	499		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$4,100	$2,000	$2,000	$2,000	$10,100		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,900	2,000	2,000	2,000	7,900
General	2,200	0	0	0	2,200
State Funds Subtotal	4,100	2,000	2,000	2,000	10,100
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**4,100**	**2,000**	**2,000**	**2,000**	**10,100**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation) FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	1,470	1,470	1,470	1,470	1,470
Other Program Related Expenses	5,318	5,318	3,318	3,318	3,318
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	6,788	6,788	4,788	4,788	4,788
Revenue Offsets	0	0	0	0	0
TOTAL	6,788	6,788	4,788	4,788	4,788
Change from Current FY 2000-01		0	<2,000>	<2,000>	<2,000>
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section7, Subd. 3	2,200
94' Chapter 643, Section 23, Subd. 2	1,400
96' Chapter 463, Section 7, Subd. 2	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	2,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

Asset preservation is supported by Admin.

Department of Finance Analysis:

The Governor's F.Y. 2000-2001 operating budget recommended a $2.5 million annual base for asset preservation. The legislature appropriated $2.5 million for F.Y. 2000 and a base of $500 thousand in F.Y. 2001 and beyond. The Governor continues to support additional funding for asset preservation in the operating budget, but recognizes the legislature's prerogative to fund it in the capital budget.

Governor's Recommendation:

The Governor recommends general obligation bonding of $2 million for this project. Also included are budget planning estimates of $2 million in 2002 and $2 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	395

2000 STATE APPROPRIATION REQUEST: $5,048

AGENCY PROJECT PRIORITY: 2 of 6 (Building Projects)

PROJECT LOCATION: Fergus Falls

PROJECT DESCRIPTION:

The Department of Natural Resources (DNR) is developing field offices to replace substandard existing facilities, to improve employee working conditions, and to support collaborative and integrated resource management across the state. It is our strong belief that development of modern and adaptive workplaces contributes in a significant way to the efficient and productive work of our employees.

Fergus Falls – Currently the DNR leases office facilities in Fergus Falls. The staff in the area office are co-located from the sections of Fish, Wildlife and Ecological Services, the Divisions of Waters, Forestry, Enforcement and the Trails and Waterways unit. The existing facility is a converted horse barn with minimal customer service space and high heating costs. Annual lease costs are $31 thousand.

We request $5.048 million to design, construct and furnish a new facility in Fergus Falls to accommodate existing staff.

St. Cloud – The Minnesota Department of Transportation (MnDOT) is requesting funding to construct a facility in St. Cloud that will be jointly occupied by MnDOT and the DNR. The DNR has had full involvement in the development of this joint proposal and it is ranked as a high priority for funding by both agencies. The architectural and engineering design for this facility has been completed.

The section of Wildlife, the Divisions of Forestry, Waters, and the Trails and Waterways unit are currently in leased facilities in St. Cloud and staff from the section of Fisheries at Montrose will be relocated to St. Cloud. We anticipate that both agencies will have an ownership interest in the new facility and that the benefits to both agencies co-locating in a single facility will be significant.

DNR's portion of the total project cost is $2.530 million and is included as the general fund portion of the DOT St Cloud Headquarters Addition request.

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):

This project will result in a net increase in square feet of office and service facilities, with a corresponding increase in facility operation and maintenance costs.

OTHER CONSIDERATIONS:

A substantial portion of the existing facilities are physically inefficient, a hindrance to the resource management effort, inaccessible, unhealthy, and unsafe for employees and the public. Improved facility conditions and workplace utility will enhance many performance factors, among them; employee retention, morale, collaborative work and productivity. These same improvements will reduce the state's exposure to risks associated with unsafe, unhealthy and inaccessible facilities.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$255	$318	$573		
Buildings and Land		0	0	36	0	36		
	SUBTOTAL	0	0	291	318	609		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	48	46	82	176	08/2000	12/2000
Design Development		0	64	218	109	391	01/2001	04/2001
Contract Documents		0	144	138	246	528	05/2001	06/2001
Construction Administration		0	64	61	110	235	09/2001	08/2002
	SUBTOTAL	0	320	463	547	1,330		
4. Project Management							08/2000	08/2002
State Staff Project Management		0	81	145	150	376		
Construction Management		0	0	45	0	45		
Other Costs		0	0	7	35	42		
	SUBTOTAL	0	81	197	185	463		
5. Construction Costs							09/2001	10/2002
Site & Building Preparation		0	363	114	139	616		
Demolition/Decommissioning		0	0	7	53	60		
Construction		0	3,104	4,030	6,281	13,415		
Infrastructure/Roads/Utilities		0	139	465	392	996		
Hazardous Material Abatement		0	0	0	20	20		
Construction Contingency		0	108	307	728	1,143		
Other Costs		0	0	0	0	0		
	SUBTOTAL	0	3,714	4,923	7,613	16,250		
6. Art	**SUBTOTAL**	0	40	56	83	179	04/2002	06/2002
7. Occupancy								
Furniture, Fixtures and Equipment		0	228	394	640	1,262	04/2002	06/2002
Telecommunications (voice & data)		0	76	185	168	429	04/2002	06/2002
Security Equipment		0	0	0	15	15	04/2002	06/2002
Commissioning		0	20	28	28	76	04/2002	06/2002
	SUBTOTAL	0	324	607	851	1,782		
8. Inflation								
Midpoint of Construction			02/2002	02/2004	01/2006			
Inflation Multiplier			12.70%	22.70%	32.30%			
Inflation Cost	**SUBTOTAL**		569	1,484	3,100	5,153		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$0	$5,048	$8,021	$12,697	$25,766		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	5,048	8,021	12,697	25,766
State Funds Subtotal	0	5,048	8,021	12,697	25,766
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**5,048**	**8,021**	**12,697**	**25,766**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	22	22	23	23	23
Building Operating Expenses	11	11	76	83	87
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	62	62	0	0	0
Expenditure Subtotal	95	95	99	106	110
Revenue Offsets	0	0	0	0	0
TOTAL	95	95	99	106	110
Change from Current FY 2000-01		0	4	11	15
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	5,048	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.

Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
Yes	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
Yes	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

While predesign was submitted in 1998 for a variety of office projects it is advisable that experience gained from the current projects in Windom and Tower be added to that document as an update to support the request for these funds.

Construction costs are $182.07/sf. The expected range for this type of function is $125-145/sf. Occupancy costs are 8.7% which are above the guidelines of 5-7%.

Department of Finance Analysis:

Both projects are consistent with the agency's mission and goals. They will provide the agency with space and facilities to accommodate public meetings on issues of importance to the local communities. This in turn, will increase public input and involvement in the decision making process, which is a shared goal of the Governor and the legislature, and is integral to the agency's strategic plan.

The Fergus Falls project will eliminate the need for the current substandard facility whose costs, including rent and operating expenses, far exceed the benefits received. It will also allow the consolidation of several offices to one location, allow the agency to provide improved customer service, and improve inter-divisional collaboration.

The St. Cloud office is an opportunity to co-locate with DOT and move from leased space to state-owned space, which is generally viewed as more cost effective in the long term. In this specific case however, the current leased facilities are adequate to meet program needs.

Governor's Recommendation:

The Governor recommends general obligation bonding of $5.048 million for the Fergus Falls project. The general fund bonding for the St. Cloud office is not being recommended in the DOT request. While the Governor agrees that there are benefits to co-location, his desire for a limited capital budget results in other projects receiving higher priority. Planning estimates of $8.021 million in 2002 and $12.611 million in 2004 are also included.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	310

2000 STATE APPROPRIATION REQUEST: $1,497

AGENCY PROJECT PRIORITY: 3 of 6 (Building Projects)

PROJECT LOCATION: Deer River, Littlefork, Effie, Hill City

PROJECT DESCRIPTION:

The Department of Natural Resources (DNR) proposes $1.497 million for renovation and improvement of field offices to relieve substandard conditions in existing facilities, and to improve employee working conditions. It is our strong belief that development of up-to-date workplaces contributes in a significant way to the efficient and productive work of our employees.

We request $1.497 million to design and construct renovation and improvement projects and to provide furnishings, fixtures and equipment for the following facilities.

	($ 000's)
Deer River Area Forestry	$ 434
Littlefork Area Forestry	$ 346
Effie Area Forestry	$ 389
Hill City Area Forestry	$ 328
Total	$1,497

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This project will result in a net increase in square feet of office and service facilities, with a corresponding increased facility operation and maintenance obligation.

Modernized facilities and systems will ensure that the department will get more utility for each maintenance and operations dollar.

Increases in costs will be more than offset by increases in employee productivity due to properly configured facilities.

OTHER CONSIDERATIONS:

Existing facilities are physically inefficient, a hindrance to the resource management effort, inaccessible, unhealthy, and unsafe for employees and the public. Improved facility conditions and workplace utility will enhance many performance factors, among them; employee retention, morale, collaborative work and productivity. These same improvements will reduce the states exposure to risks associated with unsafe, unhealthy and inaccessible facilities.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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DNR Bureau of Field Services
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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	172	193	193	558	07/2000	06/2002
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	172	193	193	558		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						03/2001	09/2002
Site & Building Preparation	0	40	122	122	284		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	1,050	1,165	1,165	3,380		
Infrastructure/Roads/Utilities	0	100	120	120	340		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	33	35	35	103		
SUBTOTAL	0	1,223	1,442	1,442	4,107		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	102	365	365	832	10/2000	09/2002
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	102	365	365	832		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$0	$1,497	$2,000	$2,000	$5,497		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,497	2,000	2,000	5,497
State Funds Subtotal	0	1,497	2,000	2,000	5,497
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**1,497**	**2,000**	**2,000**	**5,497**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	13	13	24	24	24
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	13	13	24	24	24
Revenue Offsets	0	0	0	0	0
TOTAL	13	13	24	24	24
Change from Current FY 2000-01		0	11	11	11
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,497	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

Predesign is not required for projects of these natures.

Department of Finance Analysis:

This project is consistent with the Governor's belief that the state should maximize our use of the facilities taxpayers provide. It has long been a priority in the agency's capital budget requests, and relative to the need, provides a minimal level of funding.

Operating cost estimates are difficult to predict because some costs decrease while others increase. While an adequate measure of the change in operating costs will only be possible after the renovations are complete, Finance believes it's reasonable to assume that overall, net operating costs will increase due to expanded square footage, new equipment, and more regular maintenance.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.497 million for this project. Also included are budget planning estimates of $2.0 million in 2002 and $2.0 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	35
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	250

2000 STATE APPROPRIATION REQUEST: $3,000

AGENCY PROJECT PRIORITY: 4 of 6 (Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:
This request is for $3 million in bonding to provide for improved and equal accessibility, as outlined by the Americans with Disabilities Act (ADA), for all Minnesotans and visitors, to the Department of Natural Resources (DNR) facilities (buildings) and the programs (outdoor recreation opportunities) they support. Accommodating customers with disabilities requires making facilities and programs accessible. Title II prohibits discrimination in the provision of public service, programs and activities.

The DNR, with the assistance and support of the Department of Administration (DOA), has been able to accelerate its proactive approach in providing equal and safe facilities over the past 2 bienniums as the result of receiving a portion of bonding funds appropriated to DOA for ADA efforts.

Accessibility to all facilities and programs continues to be an issue of great concern to the DNR. Significant progress has been made to address these issues, yet current assessment of needs indicates much remains to be done. This request will assure a continuation of the effort to eliminate safety problems and bring facilities up to code compliance.

This request includes:

- $1.25 million for building rehabilitation statewide. This project will greatly improve accessibility and safety including parking, entrances, sanitary amenities, public space and signage. Existing, non-accessible structures do not provide equal access and are hazardous to individuals with disabilities.
- $1.75 million for programs and program facilities statewide. This project will improve outdoor recreation and education at a large number of departmental facilities. Work will include rehabilitation of campground spurs and campsites, picnic sites, observation and hunting blinds, fishing sites, equestrian camps, play area and group sites, to name a few.

The projects included in this request are located throughout the state in various state parks, state forests, wildlife management areas, public water accesses (including fishing piers and shore fishing sites), state trails and department administrative facilities. This request will provide sole source funding for the majority of these projects and supplement other rehabilitation or asset preservation projects that have ADA components. A detailed list of projects is available. ADA projects benefit the visiting public and citizens across the state.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):
These rehabilitation projects will improve the use and safety of department facilities. However, it will not result in a reduction of the agency's operating budget. Projects initiated now will also eliminate potential lawsuits and loss of subsidy funding due to non-compliance with ADA.

OTHER CONSIDERATIONS:
DNR facilities and recreational amenities such as campgrounds, picnic areas, hunting and fishing opportunities and trails must be improved and rehabilitated to assure proper and safe access to persons with mobility, hearing, visual and learning disabilities, and the aged.

The DNR continues to be proactive in its approach to accessibility which is evidenced by its close and long term working relationship with the Minnesota State Council on Disabilities (MSCOD) in making our facilities and programs more accessible.

The following are some of the impacts that will continue and result in serious consequences if Federal mandates (ADA) are not met:

- Equal and safe access to individuals would remain unacceptable
- Violation of ADA compliance
- Codes and OSHA safety violations would remain
- Federal funds subsidies jeopardized

Although some progress has been made, full implementation is still on ongoing process. The long range goal is to initiate and complete the identified $16 million in remaining ADA rehabilitation projects over the next 10 years. This request will continue that goal.

The projects included in this request are needed to fulfill the primary goal of ADA which is "the equal participation of individuals with disabilities into the 'mainstream' of American society", with facility and program service designed to promote the fullest integration of all users.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:
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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	300	300	300	900	07/2000	06/2002
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	300	300	300	900		
4. Project Management						07/2000	06/2002
State Staff Project Management	0	100	100	100	300		
Construction Management	0	200	200	200	600		
SUBTOTAL	0	300	300	300	900		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	0	1,400	1,400	1,400	4,200		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	1,000	1,000	1,000	3,000		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	2,400	2,400	2,400	7,200		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$0	$3,000	$3,000	$3,000	$9,000		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	3,000	3,000	3,000	9,000
State Funds Subtotal	0	3,000	3,000	3,000	9,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**3,000**	**3,000**	**3,000**	**9,000**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	3,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This project conforms to the Governor's and the legislature's belief that all state facilities should be equally accessible to all citizens. While funding for ADA requirements is automatically included in new construction projects, funding to retrofit existing facilities has been less than adequate to meet the need. Given the potential for legal liability under the ADA, funding this project may save future litigation costs.

Governor's Recommendation:

The Governor recommends general obligation bonding of $3 million for this project. Also included are budget planning estimates of $3 million in 2002 and $3 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	370

2000 STATE APPROPRIATION REQUEST: $1,900

AGENCY PROJECT PRIORITY: 5 of 6 (Building Projects)

PROJECT LOCATION: Great River Bluffs, Flandrau, Myre-Big Island, Soudan Underground Mine, Lake Carlos, Minneopa, Hill Annex Mine State Parks, and Statewide

PROJECT DESCRIPTION:

The department requests $1.9 million to rehabilitate the park system's highest priority buildings. Most of these structures are Civilian Conservation Corps (CCC)/Work Progress Administration (WPA) structures which were built in the 1930s. This rehabilitation extends the life of historically significant structures and eliminates building code violations.

- $250 thousand for the rehabilitation of the existing residence/office building at Great River Bluffs. This facility is used for fee collection and visitor orientation. Rehabilitation of this facility will also bring us into building code and ADA compliance.
- $300 thousand for the rehabilitation of shower/toilet facilities in 2 state parks. These facilities are needed to provide minimal sanitation services to campers and day users. Work will include new toilet fixtures, wall and floor finishes, exterior siding, windows and roofs, handicapped accessibility, and upgrading of utility systems. Rehabilitation of these facilities will also bring us into building code and ADA compliance.
- $650 thousand for the major rehabilitation of CCC/WPA and other historic buildings in several state parks. Work will include log restoration, interior remodeling, new fixtures, and complete restoration of utility systems.
- $700 thousand for the major rehabilitation of the following state park structures. Lake Carlos group camp sanitation building, Minneopa picnic shelter, Hill Annex Mine support building, Soudan Mine support buildings and tunnel ways.

These are typical state park facilities usually designed by the Department of Natural Resources' (DNR) Bureau of Engineering. Typical plans and specifications for these structures are available to satisfy the predesign requirements.

The Minnesota State Park System is one of the oldest in the nation. The visiting public has historically expected clean, well-kept and safe facilities to use and enjoy. Along with these facilities, visitors have experienced outstanding public service. If these expectations are to be met in the future, additional service and public use facilities will need to be added and improved.

The state park system hosts approximately 8 million visitors each year. These visitations amount to more than 1,750,000 vehicles utilizing roads and parking lots, over 825,000 overnight guests, and approximately 7 million day visitors. These visitors use toilet/shower buildings, shelters, interpretive centers, contact stations, trail centers, and group camp buildings that are old and in need of major rehabilitation. The facilities are not ADA accessible and, in most cases, are not in Health, Occupational Safety and Health Administration, and building code compliance. The state park system contains more than 1,200 buildings of which over 500 are historic structures and many are listed on the National Historic Register. These structures represent a nationally significant cultural resource and include some of the finest examples of CCC/WPA construction in the nation.

If these structures are allowed to deteriorate, Minnesota will lose an outstanding cultural resource as well as a unique style of architecture. These stone and log structures are a part of our heritage and cannot be replaced. Work on these historic structures includes log replacement; stone tuck pointing, improved accessibility, upgrading obsolete electric and sewer systems, roof replacement, and improved weatherization. These projects will reduce future operational costs by improving efficiencies of operation. Projects initiated now will eliminate costly repairs in the future.

The state park system is made up of 67 park and recreation areas. The projects included in this request are located in various park and recreation areas across the state. A detailed list of projects is available. These projects will benefit citizens from across the state due to the statewide distribution of state parks.

PREVIOUS PROJECT FUNDING:

Appropriations made during the last 6 years for state park building rehabilitation have included the amounts and sources listed below (in $000):

M.L. 1994, Chapter 632	$650	Trust Fund
M.L. 1994, Chapter 643	$2,000	Bonding
M.L. 1996, Chapter 463	$2,400	Bonding
M.L. 1997, Chapter 216	$500	General Fund
M.L. 1998, Chapter 404	$4,280	General Fund
Total	$9,830	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This project will not result in a reduction to the agency's operating budget. However, maintenance costs for the facilities affected by these projects will be reduced. Cost savings will be used to help offset future inflationary costs.

OTHER CONSIDERATIONS:

Extended use of state park buildings as well as their age has caused many structures to reach the maximum of their life cycle and are in need of major rehabilitation.

The following issues will continue and could result in serious consequences if these building upgrades do not occur.

- Buildings will not be handicapped accessible and will not meet current building codes.
- At the current rate of deterioration and use these facilities will be beyond repair in a short time if they are not fixed now.
- User demand for these facilities has grown steadily over the past few years and will continue to grow. These visitors expect accessible safe facilities.

The projects scheduled for completion with this funding are prioritized through a rating system involving field and regional management and represents the most urgent needs currently identified by the park system. Delay in construction will mean higher future costs. If no action is taken, the facilities will become beyond repair.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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Natural Resources, Department of
State Park & Rec Area Bldg Rehab

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	5	4	5	5	19	03/1999	09/1999
3. Design Fees							
Schematic	120	5	20	20	165	07/1999	06/2000
Design Development	200	10	50	50	310	07/1999	06/2000
Contract Documents	380	20	85	85	570	07/1999	06/2001
Construction Administration	170	30	40	40	280	07/1999	06/2001
SUBTOTAL	870	65	195	195	1,325		
4. Project Management						07/1999	06/2002
State Staff Project Management	600	50	200	200	1,050		
Construction Management	0	0	0	0	0		
SUBTOTAL	600	50	200	200	1,050		
5. Construction Costs						08/2000	12/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	8,355	1,781	2,600	2,600	15,336		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	8,355	1,781	2,600	2,600	15,336		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$9,830	$1,900	$3,000	$3,000	$17,730		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	4,400	1,900	3,000	3,000	12,300
Env & Natural Resoures	650	0	0	0	650
General	4,780	0	0	0	4,780
State Funds Subtotal	9,830	1,900	3,000	3,000	17,730
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**9,830**	**1,900**	**3,000**	**3,000**	**17,730**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	600	600	600	600	600
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	600	600	600	600	600
Revenue Offsets	0	0	0	0	0
TOTAL	600	600	600	600	600
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 3	4,280
96' Chapter 463, Section 7, Subd. 5	2,400
94' Chapter 643, Section 23, Subd. 4	2,000
94' Chapter 632, Section 6	650
97' Chapter 216, Section 5, Subd. 5	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	1,900	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

The scale of these projects does not require formal predesign.

Department of Finance Analysis:

This project is central to the Parks mission, and to the Governor's belief in taking care of existing facilities before building new ones. It has long been a priority in the agencies capital budget requests, and relative to the need, provides a minimal level of funding.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.9 million for this project. Also included are budget planning estimates of $3 million in 2002 and $3 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	470

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2000 STATE APPROPRIATION REQUEST: $500

AGENCY PROJECT PRIORITY: 6 of 6 (Building Projects)

PROJECT LOCATION: Lac Qui Parle State Park

PROJECT DESCRIPTION:

This request is for $500 thousand in bonding for the State Park Building Development Program, to develop a campground sanitation building and associated roads, campsites, and utilities, at Lac Qui Parle State Park.

This facility is located adjacent to the Lac Qui Parle Wildlife Management Area on Lac Qui Parle Lake in Chippewa County. The new facility will replace a frequently flooded campground located in Lac Qui Parle State Park.

The property where the new facility is to be constructed was recently acquired by the Division of Parks and Recreation.

The Minnesota State Park system is made up of 67 park and recreation areas and is one of the oldest in the nation. The visiting public has historically expected clean, well-kept and safe facilities to use and enjoy. Along with these facilities visitors have experienced outstanding public service. If these expectations are to be met in the future, additional service and public use facilities will need to be added and improved.

The state park system hosts approximately 8 million visitors each year. These visitations amount to more than 1,750,000 vehicles utilizing roads and parking lots, over 825,000 overnight guests, and approximately 7 million day visitors. This project will provide park visitors with more enjoyable and safer camping experiences in Lac Qui Parle State Park.

The long-range goal of the state park development program is to construct all the new facilities identified in the state park management plans. This will ensure the availability of recreational facilities for a growing population and user demand. Developing these facilities will enable the park system to better meet its goals of protecting resources, providing quality recreation, and other education.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request will not increase the parks operations budget since it is replacing an existing campground facility.

PREVIOUS PROJECT FUNDING

Appropriations made during the last 6 years for state park building development have included the amounts and sources listed below (in $000):

M.L. 1994, Chapter 643	$1,000	Bonding
M.L. 1995, Chapter 220	$ 880	Trust Fund
M.L. 1996, Chapter 463	$1,750	Bonding
M.L. 1997, Chapter 216	$1,000	Trust Fund
M.L. 1998, Chapter 404	$535	General Fund
M.L. 1999, Chapter 231	$300	Trust Fund
M.L. 1999, Chapter 240	$5,000	Bonding
TOTAL	$10,465	

Historically these state park building development funds have been spent within 2 years from the time of appropriation.

OTHER CONSIDERATIONS:

Building facilities in the state park system must continually be improved in order to meet growing user demand and to help ensure enjoyable and safe experiences.

The project scheduled for completion with this funding was prioritized through a rating system involving field and regional management.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	10	0	0	0	10		
3. Design Fees								
Schematic		40	0	0	0	40		
Design Development		120	0	0	0	120		
Contract Documents		200	0	0	0	200		
Construction Administration		80	0	0	0	80		
	SUBTOTAL	440	0	0	0	440		
4. Project Management							07/1999	06/2002
State Staff Project Management		550	10	50	50	660		
Construction Management		0	10	50	50	110		
	SUBTOTAL	550	20	100	100	770		
5. Construction Costs							08/2000	06/2002
Site & Building Preparation		0	20	0	0	20		
Demolition/Decommissioning		0	0	0	0	0		
Construction		9,465	250	1,200	1,200	12,115		
Infrastructure/Roads/Utilities		0	210	0	0	210		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	9,465	480	1,200	1,200	12,345		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$10,465	$500	$1,300	$1,300	$13,565		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	7,750	500	1,300	1,300	10,850
General Fund Projects	535	0	0	0	535
Env & Natural Resoures	2,180	0	0	0	2,180
State Funds Subtotal	10,465	500	1,300	1,300	13,565
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**10,465**	**500**	**1,300**	**1,300**	**13,565**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation) FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	360	360	360	360	360
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	3,790	3,790	3,790	3,790	3,790
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	4,150	4,150	4,150	4,150	4,150
Revenue Offsets	0	0	0	0	0
TOTAL	4,150	4,150	4,150	4,150	4,150
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
99' Chapter 240, Article 2, Section 6, Subd. 3	5,000
96' Chapter 463, Section 7, Subd. 6	1,750
94' Chapter 643, Section 23, Subd. 5	1,000
97' Chapter 216, Section 15, Subd. 4 (a)	1,000
95' Chapter 220, Section 19, Subd. 4 (b)	880
98' Chapter 404, Section 7, Subd. 4	535
99' Chapter 231, Section 16, Subd. 4 (i)	300
99' Chapter 240, Article 2, Section 6, Subd. 3 ($5.0 M to Bond Fund)	0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

This request appears to be for construction only. Admin has no additional comment.

Department of Finance Analysis:

Providing campground facilities is central to the Parks mission. Because the land for the new campground was recently purchased, the timing of this expenditure is critical. The existing facility is heavily used and subject to frequent flooding.

Governor's Recommendation:

The Governor recommends general obligation bonding of $500 thousand for this project. Also included are budget planning estimates of $1.3 million in 2002 and $1.3 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	250

2000 STATE APPROPRIATION REQUEST: $1,700

AGENCY PROJECT PRIORITY: 1 of 19 (Non-Building Projects)

PROJECT LOCATION: Cannon Falls, Mazeppa, Statewide

PROJECT DESCRIPTION:

To provide for dam safety emergency work, repair of 6 dams, reconstruction of 2 dams, and removal of 2 dams.

The commissioner is responsible under M.S. 103G for dam safety. Minnesota's public dam infrastructure includes over 800 dams owned by the state, cities, counties, and watershed districts. Most of these publicly owned dams are over 50 years old and require ongoing maintenance and repair to preserve their structural integrity and prevent public safety hazards. Emergency repairs must be made when a dam failure threatens public safety or is causing property damages. The statute provides for matching grants to local governments for dam repair projects, and allows the state to pay the entire cost of removing a dam that presents a significant public safety hazard, or prevents restoration of an important fisheries resource.

Emergency Dam Repairs ($170 thousand)

Ten percent of the 2000 budget request would be reserved for emergency work. DNR Waters must respond to emergencies immediately to prevent complete dam failures and protect adjoining properties. Emergencies are most often caused by extreme rainfall events that produce runoff exceeding a dam's design capacity. If any of these emergency funds remain when the legislature completes action on the 2002 bonding bill, they would be used on the next highest priority projects on the statewide dam safety project priority list.

Dam Repair and Reconstruction Projects ($840 thousand)

This would provide funds for implementation of the top 8 repair and reconstruction projects on the statewide dam safety project priority list. Each of these repair projects is needed to remedy a dam safety problem. Seven of the 8 projects are on DNR-owned dams. Fish Hook Dam is a high hazard dam owned by the City of Park Rapids. This repair involves relocation of a DNR fish hatchery water supply pipe that passes through the dam's earthen embankment and correction of a deficiency in the old hydropower forebay of the dam. Relocation of the DNR's water supply pipe would be 100% state funded and remaining work would be at a cost share of 50/50 state and local match.

Dam Name	County	Owner	Work	State Cost ($000's)
Lake Bronson	Kittson	DNR	Repair	200
Willow River	Pine	DNR	Repair	50
New London	Kandiyohi	DNR	Repair	30
Fish Hook Lake	Hubbard	Park Rapids	Repair	150
Mustinka Lake	Grant	DNR	Repair	30
Pelican Lake	St. Louis	DNR	Reconstruct	140
Loon Lake	Jackson	DNR	Reconstruct	20
Clayton Lake	Pine	DNR	Repair	220

Dam Removal projects ($690 thousand)

This would provide funds for removal of city-owned river dams at Mazeppa in Wabasha County and Cannon Falls in Goodhue County. Both dams contribute to higher flood levels within the communities and both dams have partially failed.

A $35 thousand grant has been provided to Mazeppa to remove the top 6 feet of this 20-foot high by 150-foot long dam on the North Branch of the Zumbro River. Complete removal will significantly lower upstream flood levels, eliminate the "drowning machine" undertow that occurs at the dam, and improve water navigation.

Removal of the 18 foot high by 150 foot long Cannon Falls dam on the Little Cannon River will improve aesthetics by restoring a natural river falls, lower upstream flood levels, and eliminate the "drowning machine" undertow that occurs at the dam.

Dam Name	County	Owner	Work	State Cost ($000)
Mazeppa	Wabasha	Mazeppa	Removal	$360
Cannon Falls	Goodhue	Cannon Falls	Removal	$330

Note: Individual projects that exceed $250 thousand in state costs require specific legislative approval (M.S. 103G.511, Subd. 9).

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTES):

Current staff would administer and monitor dam safety project bonding funds.

OTHER CONSIDERATIONS:

This request is part of an ongoing program to manage Minnesota's public dam infrastructure and preserve and protect lake and river resources. These dams maintain water levels on most of our major recreational lakes and river reservoirs providing significant benefits to recreation, tourism, and the economy. For example, Mille Lacs, Minnetonka, and Ottertail Lakes all depend on dams to maintain their levels and enhance surrounding property values. Proper maintenance and periodic repair limits potential liabilities, protects the public safety, and reduces the need for expensive major repairs. This program also includes the removal of obsolete dams that no longer provide significant public benefits and whose rehabilitation would not be cost effective or good for the environment.

A consistent, long-term funding approach is necessary to keep public dams from deteriorating, and to remove dams that become obsolete and hazardous. DNR Water's general operating budget does not include funding for dam safety projects. The magnitude of long-term funding needed for management of our public dam infrastructure is about $2 million per biennium for the foreseeable future.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
5. Construction Costs								
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	11,735	1,785	3,195	3,000	19,715	07/2000	06/2002
	GRAND TOTAL	$11,735	$1,785	$3,195	$3,000	$19,715		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	5,660	1,700	2,000	2,000	11,360
General	1,300	0	0	0	1,300
State Funds Subtotal	6,960	1,700	2,000	2,000	12,660
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	4,775	85	1,195	1,000	7,055
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**11,735**	**1,785**	**3,195**	**3,000**	**19,715**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	335	335	335	335	335
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	335	335	335	335	335
Revenue Offsets	0	0	0	0	0
TOTAL	335	335	335	335	335
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
94' Chapter 643, Section 23, Subd. 14	4,100
96' Chapter 463, Section 7, Subd. 16	1,560
98' Chapter 404, Section 7, Subd. 8	1,300

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,700	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This project is central to the Division of Waters responsibility for public safety. It's an on-going program funded in each capital budget, and represents a reasonable level of effort for the next 2 years.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.7 million for this project, contingent upon local government funds of $85 thousand. Also included are budget planning estimates of $2 million in 2002 and $2 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	105
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	465

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2000 STATE APPROPRIATION REQUEST: $1,600

AGENCY PROJECT PRIORITY: 2 of 19 (Non-Building Projects)

PROJECT LOCATION: Buffalo River, Minnesota Valley, Camden, Soudan Underground Mine State Parks, and Statewide

PROJECT DESCRIPTION:

This request for state park and recreation area betterment rehabilitation is for $1.6 million to initiate major rehabilitation of non-building facilities such as campsite improvements, trail surfacing, road repair and surfacing, parking area upgrading, and modification and upgrading of utility systems. Also included in this program are resource management improvements such as erosion control, lakeshore stabilization, and prairie restoration.

Projects included in this request are as follows:

- $1.0 million for the rehabilitation of the CCC/WPA swimming pool at Buffalo River State Park. This facility suffers from regular flooding by the Buffalo River resulting in severe water pollution. This project will involve raising the dike, reshaping the pool bed and installing a liner and constructing a water filtration system.
- $250 thousand for the local match for the federal ISTEA Minnesota Valley State Park Trail rehabilitation project. This project will grade and pave a portion of the trail.
- $150 thousand for utility rehabilitation projects including: waterline modifications at Camden State Park, treatment of mine discharge water at Soudan Mine as required by PCA and Rural Water System hook-up at Blue Mounds State Park.
- $200 thousand for resource management projects in several state parks. These projects include old field restoration, tree planting, erosion control, and prairie restoration. Long-term restoration will reduce maintenance costs. Resource management work will maintain the state park system for the very reason it was created in the first place: to protect Minnesota's unique resources.

The state park and recreation area water, timber, and soil resources, along with the recreational infrastructure such as campgrounds, picnic areas, trail systems, roads, dams, and bridges, must be preserved and, in some cases, rehabilitated to assure the future of the park system. The state has a tremendous investment in existing facilities. These facilities are used by more than 8 million visitors each year. Enabling legislation that created the park system directs the state to preserve parks for the use and enjoyment of future generations.

The state park system is made up of 67 parks and recreation areas. The projects included in this request are located in various parks across the state. A detailed list of projects is available.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The Division of Parks and Recreation currently budgets approximately $370 thousand annually in operation dollars for facility rehabilitation. This funding does not begin to address the system needs. If $1.5 million was available annually for non-building rehabilitation and resource management, long-term needs could be met. Projects in this request are for the first biennium.

These projects are needed to maintain basic customer service. No-build alternatives will deprive state park users of the most basic opportunities to enjoy their outdoor recreation experience.

PREVIOUS PROJECT FUNDING

Appropriations made during the last 6 years for state park non-building betterment have included the amounts and sources listed below (in $000):

M.L. 1994, Chapter 643	$1,250	Bonding
M.L. 1995, Chapter 220	$1,400	Trust Fund
M.L. 1996, Chapter 463	$1,450	Bonding
M.L. 1998, Chapter 404	$2,750	General Fund
M.L. 1999, Chapter 231	$ 750	Trust Fund
Total	$7,600	

OTHER CONSIDERATIONS:

The projects scheduled for completion with this funding are prioritized through a rating system involving field and regional management and represent the most urgent needs currently identified by the park system.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/2000	06/2002
State Staff Project Management	635	100	125	125	985		
Construction Management	0	0	0	0	0		
SUBTOTAL	635	100	125	125	985		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	6,965	1,500	1,875	1,875	12,215		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	6,965	1,500	1,875	1,875	12,215		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$7,600	$1,600	$2,000	$2,000	$13,200		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,700	1,600	2,000	2,000	8,300
Env & Natural Resoures	2,150	0	0	0	2,150
General	2,750	0	0	0	2,750
State Funds Subtotal	7,600	1,600	2,000	2,000	13,200
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**7,600**	**1,600**	**2,000**	**2,000**	**13,200**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	740	740	740	740	740
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	740	740	740	740	740
Revenue Offsets	0	0	0	0	0
TOTAL	740	740	740	740	740
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
98' Chapter 404, section 7, Subd. 5	2,750
96' Chapter 463, Section 7, Subd. 7	1,450
95' Chapter 220, Section 19, Subd. 4 (b)	1,400
94' Chapter 643, Section 23, Subd. 11	1,250
99' Chapter 231, Section 16, Subd. 4 (i)	750

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,600	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This project is central to the Parks Division's mission of providing quality outdoor recreational opportunities to citizens and the tourist industry. It's an on-going program regularly funded in the capital budget, and represents a modest effort to maintain existing facilities.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.6 million for this project. Also included are budget planning estimates of $2 million in 2002 and $2 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	445

2000 STATE APPROPRIATION REQUEST: $8,000

AGENCY PROJECT PRIORITY: 3 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request will provide $8.0 million in bonding for state cost-sharing grants to local government units under the Flood Hazard Mitigation Grant Assistance Program. This program allows the department to make cost-sharing grants of up to 50% of project costs to study and implement measures that will reduce or eliminate flood damages in the future. Appropriation language in the 1999 Session provided additional state funding for the local share that exceeded 2% of median household income.

This request includes funding for the design, engineering, and environmental analysis of future projects that will be proposed for capital funding; and for projects including floodwater impoundments, storm water retention projects, acquisition and levees. These projects will help reduce the economic, social, and environmental impacts of severe flooding.

The 1997 flood created a significant awareness of the damage floods can cause. Minnesota's flood damages are estimated to exceed $1.5 billion. It is very cost effective to prevent the damages instead of having to do extensive repair and rehabilitation of communities. Minnesota's repetitive flood damages could be significantly reduced, if not eliminated, by a long-term commitment of funding of at least $100 million over the next 10 years. Any funds appropriated should be available to provide funding commensurate with each projects construction schedule.

Federal Flood Control Projects - $4.0 million

This includes funding to keep the federal flood control projects on schedule. These projects are funded by approximately 65% federal and 35% nonfederal shares. Under the FDR program the nonfederal costs are split 50:50 (A one-time change in the 1999 session appropriation based the split an ability to pay formula). All of these projects are cost-effective projects to reduce future flood damages and will be built in cooperation with federal, state, and local governments.

The state has funded many federal flood control projects. Projects in Warren, Crookston, East Grand Forks, and Marshall are not fully complete, and the project costs may exceed the estimates. If so, additional funding will be necessary.

- **Section 205 Federal Flood Control Projects**
  The cities of Dawson, Granite Falls, Montevideo, Ada, Breckenridge and Oakport Township are all enrolled in the U.S. Army Corps of Engineers Section 205 Small Flood Control Projects Program. These bonding funds will pay for a portion of the state cost-share, which is estimated to be $6.725 million. These projects will provide both structural and non structural flood damage reduction measures to these communities. The state will have invested approximately $1 million in the Section 205 studies for these projects in 1998-1999, and leveraged approximately $20 million in federal funds.

- **Warren**
  Warren's channel diversion and upstream impoundment project needs $242 thousand of state funds to meet the state cost share.

Non-Federal Flood Control Projects - $4.0 million

The DNR is aware of approximately $300 million in unfunded and/or potential flood damage reduction grant projects. This includes funding for the design, engineering, and environmental analysis of projects and project implementation costs. This funding helps ensure that projects will meet environmental and permitting requirements before bond funds are requested for project construction. These projects include:

Red River mediation projects
City of St. Anthony – acquisition/impoundments (current ongoing project)
City of Columbia Heights - acquisition/impoundments (ongoing project)
City of Inver Grove Heights – acquisition of flood prone structures
Polk County Acquisition
Lake St. Croix Beach
Cities of Virginia and Mountain Iron - stormwater retention

- **City of East Grand Forks - $0**
  The total project cost of the setback levee for both North Dakota and Minnesota is estimated to be $360 million. Minnesota's state project costs are approximately $132 million. The non-federal portion of Minnesota's project is $59.6 million. To date the city and DNR have received $41 million for this project. The total state cost share is estimated to be $58 million. At the 2% of median household income threshold, the city's responsibility is $1.6 million.

  Earlier cashflow estimates indicated the need for $5.0 million in F.Y. 2000. Current construction progress now indicates these funds won't be needed until F.Y. 2002 and that they will be added to the 2002 capital budget request.

PREVIOUS PROJECT FUNDING:

Since 1987, approximately 225 grants totaling $79.1 million in state capital funds and $2.7 million from the General Fund have been made available to local governments to conduct flood control studies, acquire flood-prone homes, construct impoundments, build levees, improve storm water management systems, help pay for the non-federal share of federal flood control projects, and help cost-share federal hazard mitigation activities following presidentially declared disasters.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Existing staff funded through the General Fund appropriation are sufficient to administer and monitor funds allocated for flood hazard mitigation grants.

OTHER CONSIDERATIONS:

The consequence of taking no action is that projects may be delayed several years or may not be completed at all. This means that the current level of flood damage potential in these areas will continue unabated. Delays in funding also increase project costs due to inflation.

Grant criteria are identified in M.S. 103F.161. The most critical need is to have a consistent level of funding so that the department and local governments can plan for and schedule flood damage reduction projects. Over time the flood damage mitigation projects will significantly reduce damage to homes and businesses and provide environmental benefits.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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Natural Resources, Department of
Flood Hazard Mitigation Grants

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
5. Construction Costs								
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	298,152	32,186	66,352	66,352	463,042	07/2000	06/2002
	GRAND TOTAL	$298,152	$32,186	$66,352	$66,352	$463,042		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	40,058	8,000	15,000	17,000	80,058
General	31,346	0	0	0	31,346
State Funds Subtotal	71,404	8,000	15,000	17,000	111,404
Agency Operating Budget Funds	2,180	5,302	4,352	4,352	16,186
Federal Funds	188,630	14,800	32,000	28,000	263,430
Local Government Funds	35,938	4,084	15,000	17,000	72,022
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**298,152**	**32,186**	**66,352**	**66,352**	**463,042**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	400	400	400	400	400
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	400	400	400	400	400
Revenue Offsets	0	0	0	0	0
TOTAL	400	400	400	400	400
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 9	30,000
99' Chapter 240, Article 1, Section 4, Subd's. 2 & 3	18,968
97' 2SS, Chapter 2, Section 3, Subd's. 2,3,4 & 5	13,900
97' Chapter 246, Section 3	4,000
94' Chapter 643, Section 23, Subd. 15	2,600
96' Chapter 463, Section 7, Subd. 17	1,490
97' Chapter 216, Section 5, Subd. 3	446

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	8,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This project is central to the Division of Waters responsibility for public safety. The Flood Damage Reduction program is an on-going program funded in each capital budget. The final request is smaller than originally expected because projects previously funded in East Grand Forks and Warren are taking longer than originally estimated. From discussions with the DNR, mitigation of the flood damage experienced in the Red River Valley will require a substantial commitment of state funding over the next 10 biennia.

Governor's Recommendation:

The Governor recommends general obligation bonding of $8.0 million for this project, contingent upon federal funds of $25 million, local government funds of $11.1 million, and agency operating budget funds of $3.302 million. Also included are budget planning estimates of $15 million in 2002 and $17 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	50
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	435

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2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 4 of 19 (Non-Building Projects)

PROJECT LOCATION: Itasca, Nerstrand Woods, Savanna Portage State Parks

PROJECT DESCRIPTION:

This request of $1 million is for condemnation of permanent school trust fund lands remaining within the statutory boundaries of Minnesota State Parks. Statutory direction and resource management goals limit revenue generation from school trust fund lands located within state parks. The condemnations would fulfill fiduciary responsibilities to the trust fund, with the lands remaining in state ownership (classified as acquired lands rather than trust fund lands) and the trust fund compensated for the value of the lands.

The priorities for condemnation would focus on the following lands:

- Itasca State Park: about 1,000 acres of school trust fund land (valued at about $528 thousand in 1989) are located in the state park;
- Nerstrand Woods State Park: 460 acres of school trust fund land located in the state park contain valuable stands of timber (valued in excess of $1 million in 1989); and
- Savanna Portage State Park: 3,050 acres of school trust fund land are located in the state park.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There is no anticipated impact on the agency operating budget after completion. The management activities for the lands would remain the same.

OTHER CONSIDERATIONS:

During the 1980s and 1990s, the department worked on addressing the issue of permanent school trust fund lands being located within the state parks. In 1992, about 5,357 acres of permanent school lands of over $1.2 million in value were exchanged for other department acquired lands of similar value. Further exchanges are not feasible since there are not sufficient acquired lands of similar value located in the same counties as the remaining school trust fund lands located within state parks. This action of condemning the trust fund lands has been used in the past. The Legislative Auditor, in its February 1998 program evaluation report on school trust land, recommended condemnation as one of the steps that could be taken to compensate the permanent school fund for non-revenue generating uses of the trust lands.

Approximately 5,700 acres of school trust fund lands are located inside state park boundaries. The estimated value of these lands is $5.7 million. This request would provide for the condemnation of approximately 20%, or 1,000 acres. Additional trust fund lands are located in the BWCAW, and in peatland scientific and natural areas around the state.

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Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/2000	06/2002
Land, Land and Easements, Options		$0	$900	$900	$900	$2,700		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	900	900	900	2,700		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management							07/2000	06/2002
State Staff Project Management		0	100	100	100	300		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	100	100	100	300		
5. Construction Costs								
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$0	$1,000	$1,000	$1,000	$3,000		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,000	1,000	1,000	3,000
State Funds Subtotal	0	1,000	1,000	1,000	3,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**1,000**	**1,000**	**1,000**	**3,000**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS

Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.

No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

The Office of the Legislative Auditor (OLA) criticized the DNR's management of its fiduciary responsibility to the Permanent School Trust fund in a report published in 1998. While the statutory conflicts between preservation of resources and maximization of income have yet to be resolved, it's clear that trust fund lands within state park boundaries will never realize their income potential. This request acts upon the OLA's recommendation that condemnation be considered as a way to compensate the trust fund for non-revenue generating usage of trust fund lands.

Governor's Recommendation:

The Governor recommends general obligation bonding of $500 thousand for this project. Also included are budget planning estimates of $500 thousand in 2002 and $500 thousand in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	0
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	0
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	115

2000 STATE APPROPRIATION REQUEST: $1,300

AGENCY PROJECT PRIORITY: 5 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for replacement of 3 bridges in the state forest road system, reconstruction/resurfacing of approximately 46 miles of existing forest roads to safely meet current and projected use and load levels, and development of a 4 acre wetland area. The total request for the 2000-01 biennium is $1.3 million and includes the following components:

- $803 thousand to replace 3 forest road bridges.
- $472 thousand to reconstruct/resurface 46 miles on 10 state forest roads.
- $25 thousand to develop a 4-acre wetland area.

The commissioner is directed in M.S. 89.002 to provide a system of forest roads and trails that provide access to state forest land and other forest lands under the commissioner's authority. The system must permit the commissioner to manage, protect, and develop those lands and their forest resources consistent with forest resource policies and to meet the demands for forest resources.

Forestry maintains 2,064 miles of roads that serve the 4.6 million acres of forest-administered lands. These roads also serve several million acres of county, federal, and private forest lands. The system of gravel roads provides access to the state's forest resources and supports 2 of the state's largest industries: forest products and tourism.

The existing state forest road system is a capital asset worth more than $75 million. Regular maintenance and resurfacing reduces the need for costly reconstruction in the future. Funding is needed to supplement dedicated gas tax dollars and other annual appropriations for critical rehabilitation of portions of the state forest road system and major bridge repair to bring facilities up to required use and safety standards.

State forest roads provide a strategic link between our forest resources and the public transportation network. While the state forest roads are used for resource management and hauling forest products, 95% of their use is for recreation.

IMPACT ON AGENCY OPERATING BUDGET

Forestry currently receives approximately $325 thousand each year in dedicated state gas tax dollars, all of which is needed for state forest road maintenance. Currently, there are no general funds available for state forest road construction, reconstruction, major resurfacing, or bridge replacement. Past bonding funds (except 1998) have been approximately 20% of field identified construction, reconstruction and bridge replacement needs.

The increasing recreational use in our forests has caused additional access needs for motorized and non-motorized users of public lands. As stated in the previous section, 95% of the vehicle traffic on state forest roads is recreational in nature. Failure to meet the needs of our existing infrastructure will result in reduced recreational opportunities and may lower receipts from timber sales, which currently total $12 million per year.

PREVIOUS PROJECT FUNDING:

Appropriations authorized during the last 6 years from bonding for reconstruction, resurfacing, replacement, or construction of forest roads and bridges throughout the state include (In $000's):

M.L. 1994, Chapter 643	$ 300	Bonding
M.L. 1996, Chapter 463	$ 250	Bonding
M.L. 1998, Chapter 404	$2,000	General

OTHER CONSIDERATIONS:

Alternatives to this request include the following:

- Increased road closures or use restrictions to reduce the damages that occur on forest roads. Closing roads during fall and spring seasons may be necessary in some locations to protect the road structure.
- Limiting load weights during some periods to reduce maintenance costs and extend the reconstruction schedule.

If this request is not funded, access for forest resource management will also be affected. The volume and value of wood the DNR is able to sell may be reduced. Forest industry growth has accentuated the need for a functional forest road system capable of handling increased use for timber harvesting and transport. Good summer access also enhances our ability to use natural seeding techniques involving summer logged shelterwood and all age cutting techniques.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	330	130	100	100	660	08/2000	01/2002
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	330	130	100	100	660		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						08/2000	06/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	2,220	1,170	900	900	5,190		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	2,220	1,170	900	900	5,190		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$2,550	$1,300	$1,000	$1,000	$5,850		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	550	1,300	1,000	1,000	3,850
General	2,000	0	0	0	2,000
State Funds Subtotal	2,550	1,300	1,000	1,000	5,850
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**2,550**	**1,300**	**1,000**	**1,000**	**5,850**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	650	650	650	650	650
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	650	650	650	650	650
Revenue Offsets	0	0	0	0	0
TOTAL	650	650	650	650	650
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 10	2,000
94' Chapter 643, Section 23, Subd. 16	300
96' Chapter 463, Section 7, Subd. 18	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	1,300	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This request is an on-going program funded in each capital budget, and represents a reasonable level of effort over a two year period.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.3 million for this project. Also included are budget planning estimates of $1 million in 2002 and $1 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	370

2000 STATE APPROPRIATION REQUEST: $500

AGENCY PROJECT PRIORITY: 6 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $500 thousand in bonding for the acquisition and development of aquatic management areas (AMA) for fisheries management purposes. Some of the projects being worked on now include the Moody & Gladstone Lakes AMA, Crow Wing County. Others that have potential in the near future include Dark River AMA, St. Louis County and Twin Cities Metropolitan Area and southeast Minnesota trout streams.

The funds for this project will provide for the purchase of easement or fee title interest in property that are already being negotiated or for opportunities where willing sellers are identified. Without these funds, the department will be unable to continue negotiations or purchasing agreements on some acquisitions or take advantages of opportunities that arise on short notice.

Acquisition priorities are based on professional judgement of field managers. Projects must meet a variety of criteria to be eligible as identified in LCMR/Bonding work program narratives. The Fisheries Section develops prioritized lists of parcels of valuable resource sites statewide and then takes advantage of those opportunities that arise as willing sellers are identified.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There will be no or minimal impact on administrative or staffing budgets. Any increased costs that do arise will be absorbed within the existing budget.

OTHER CONSIDERATIONS:

Today's economy presents a lot of opportunity for parcels to be acquired that in the past would not have been available. Staff are indicating that many agricultural producers are looking to sell small parcels to raise money during this time when profits from farm products are so low. In addition, the demand for property near or on the water is growing and pushing prices up. Many individuals who have not considered selling parcels in the past are considering it now. Some of these are significant natural resources that have been identified by Fisheries as eligible parcels.

The Section of Fisheries has spent an average of about $100 thousand out of our annual budget on fisheries acquisition. This money has gone to support staff time associated with acquiring and coordinating the acquisition process. Fisheries depend on outside funds, capital bonding and the Environmental Trust Fund, for buying the easements or property. If the Section of Fisheries had to use our operating budget to do these acquisitions it will be at the expense of other fisheries programs such as habitat improvement, lake and stream survey and monitoring, fish culture and stocking, research, web site development and information, and aquatic education.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition						07/2000	06/2002
Land, Land and Easements, Options	$2,692	$425	$425	$425	$3,967		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	2,692	425	425	425	3,967		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	475	75	75	75	700	07/2000	06/2002
Construction Administration	0	0	0	0	0		
SUBTOTAL	475	75	75	75	700		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$3,167	$500	$500	$500	$4,667		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,800	500	500	500	3,300
Env & Natural Resoures	867	0	0	0	867
General	500	0	0	0	500
State Funds Subtotal	3,167	500	500	500	4,667
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**3,167**	**500**	**500**	**500**	**4,667**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	200	200	200	200	200
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	200	200	200	200	200
Revenue Offsets	0	0	0	0	0
TOTAL	200	200	200	200	200
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
95' 1SS Chapter 2, Section 5, Subd. 3	1,500
97' Chapter 220, Section 15, Subd. 17 (m)	567
98' Chapter 404, Section 7, Subd.17	500
96' Chapter 463, Section 7, Subd. 19	300
95' Chapter 220, Section 19, Subdivision 9 (b)	300

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

Department of Finance Analysis:

This project is central to the DNR's mission of providing quality outdoor recreation opportunities and preserving habitat. It reflects needs the operating budget is unable to meet.

Governor's Recommendation:

The Governor recommends general obligation bonding of $500 thousand for this project. Also included are budget planning estimates of $500 thousand in 2002 and $500 thousand in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	290

2000 STATE APPROPRIATION REQUEST: $200

AGENCY PROJECT PRIORITY: 7 of 19 (Non-Building Projects)

PROJECT LOCATION: Carlton County (Nemadji Watershed)

PROJECT DESCRIPTION:

This request is for $200 thousand in bonding for fisheries habitat improvement projects as identified by the Nemadji Watershed Workgroup. These funds will be used to achieve sustainable lakes and streams in the Nemadji and surrounding watersheds. Project funds will be used to reduce sedimentation, stabilize stream banks, and restore aquatic plants.

Fishing is the foundation of Minnesota's tourism industry, providing more than $900 million annually in direct expenditures. Minnesota has about 1.6 million licensed anglers. Fisheries watershed and improvement projects help maintain sustainable fisheries resources by protecting and improving fish habitat.

The Nemadji watershed which includes the Nemadji River and several tributary streams, contain some of the best cold water stream trout habitat (400 miles of trout streams) areas in Minnesota. These streams are important to Rainbow (Steelhead), Brook and Brown Trout. The Nemadji River has the highest average annual suspended sediment load per square mile drainage area among all rivers in Minnesota and Wisconsin for which the U.S. Geological Survey (USGS) gathers suspended sediment data. Several streams are experiencing severe erosion due to an increase in water run-off. The increased run-off is also causing higher water levels and an increase in the number and severity of peak flows which accentuates streambank erosion and turbidity. A substantial portion of the mid and lower parts of the Nemadji watershed have red clay soils which are highly erosive and cause severe turbidity in the streams. High turbidity levels and erosion are causing the stream to lose much of its productivity value in regards to spawning conditions for stream trout. Our goal is to reduce sedimentation and the subsequent loss of fish spawning and aquatic invertebrate habitat. To achieve this, practices will be implemented to decrease stream bank erosion in highly sensitive areas and to decrease water run-off in the watershed.

To date, Carlton County, Environmental Protection Agency, and Pollution Control Agency have committed funds to hire a watershed coordinator. This individual is hired and working with groups to identify projects and priorities for these watersheds.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTES):

The funding for this project will be used to support local watershed project efforts. There will be no or minimal impact on administrative or staffing budgets. Any increased costs that do arise will be absorbed within the existing budget.

OTHER CONSIDERATIONS:

Without project seed money, the watershed coordinator will not have funds to begin implementation of projects or leverage matching funds. For example, stream bank improvement along the Black Hoof River (a main tributary stream of the Nemadji) will reduce erosion by installing riprap shore protection, lunker structure, and vegetation plantings on an eroding bank. Other projects that will be eligible for this money are ones that work to reduce erosion from areas such as, road crossings, and stream banks and also to reduce nutrient run-off from agricultural areas. Many cooperators are ready to work with us, such as Carlton County Highway Department, Carlton County Soil and Water Conservation District and the Natural Resources Conservation Service (NRCS) and the Environmental Protection Agency (EPA).

The Section of Fisheries is spending approximately $12 thousand out of our annual operating budget for Fisheries personnel to support projects that monitor and improve stream conditions. Fisheries depend on outside funds, capital bonding and the Environmental Trust Fund, for doing large-scale high dollar habitat improvement projects. The Section of Fisheries does not have the operating budget to do these types of projects. If we did, it would be at the expense of other fisheries programs such as lake and stream survey and monitoring, fish culture and stocking, research, web site development and information, and aquatic education.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		121	15	37	37	210	07/2000	06/2002
Contract Documents		122	15	38	38	213	07/2000	06/2002
Construction Administration		0	0	0	0	0		
	SUBTOTAL	243	30	75	75	423		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
5. Construction Costs							07/2000	06/2002
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		1,376	170	425	425	2,396		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	1,376	170	425	425	2,396		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$1,619	$200	$500	$500	$2,819		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	250	200	500	500	1,450
Env & Natural Resoures	424	0	0	0	424
Minnesota Resources	445	0	0	0	445
General	500	0	0	0	500
State Funds Subtotal	1,619	200	500	500	2,819
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**1,619**	**200**	**500**	**500**	**2,819**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation) FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	24	24	24	24	24
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	24	24	24	24	24
Revenue Offsets	0	0	0	0	0
TOTAL	24	24	24	24	24
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
95' Chapter 220, Sec. 19, Subd. 9 (c)	519
98' Chapter 404, Section 7, Subd. 17	500
99' Chapter 231, Section 16, Subd. 13 (j)	350
96' Chapter 463, Section 7, Subd.19	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	200	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is central to the DNR's mission of providing quality outdoor recreation opportunities and preserving habitat. It reflects needs the operating budget is unable to meet.

Governor's Recommendation:

The Governor recommends general obligation bonding of $200 thousand for the capital costs of fisheries habitat improvement projects. Also included are budget planning estimates of $500 thousand in 2002 and $500 thousand in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	35
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	255

2000 STATE APPROPRIATION REQUEST: $1,600

AGENCY PROJECT PRIORITY: 8 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide - Scientific and Natural Areas

PROJECT DESCRIPTION:

This request is for $1.6 million in bonding for Prairie Bank Easement (PBE) and Scientific and Natural Areas (SNA) acquisition and development.

PBE acquisitions protect native prairie plant communities while leaving lands in private ownership. PBE protect prairie and its plant and animal species on sites where landowners are reluctant to sell their land yet are willing to see it remain as native prairie.

SNAs are sites of statewide significance that preserve examples of rare plant communities, geological features, landforms, and rare and endangered species habitat. Examples are old growth forests, gravel eskers, cave formations, peatlands, and habitat for a species such as the prairie white-fringed orchid, a federally listed plant. These sites are preserved and managed for these rare features and for their scientific and educational value for present and future generations.

Both programs protect significant resources and provide different recreational, educational and scientific opportunities for Minnesotans and non-residents alike. These acquisition programs have historically been funded through bonding and the Environmental Trust Fund.

Prairie Bank and SNA acquisition protect *unique natural resource communities and sites* that are in danger of being lost forever unless they are protected now. Those sites considered to be of statewide significance are proposed to be protected as state natural areas. In addition, many existing publicly owned sites have *adjacent lands that need to be protected to better manage and protect* the resource base on existing sites. Native prairie, Minnesota's most endangered community, also requires innovative approaches to protection through acquisition programs such as prairie bank easements. This is especially necessary since landowners that are often farmers do not want to sell their property, but continue to use it for grazing or haying. Prairie bank easements permit this but in a limited fashion so as to protect the resource and native species.

SNA development protects and improves natural resource values on state lands. It also ensures that the ecological values of state lands are maintained and that greater access to some state lands is provided. The development of previously acquired Scientific and Natural Areas includes restoration of fields to woodlands and prairie, surveying boundaries, signing, posting, removal of encroaching trees and exotic species, clean-up, fencing, and gating. Certain short-term activities are not bondable e.g. annual herbicide treatment of weeds, therefore, general funds are necessary to accomplish such management activities. Development of interpretive facilities increases use of SNAs and permits us to tap their full educational potential. This request has statewide significance because it supports the highest priority plant, animal and natural community (including native prairie) resources throughout the state.

A. Prairie Bank Easements: $900 Thousand

At the present time, 20 Prairie Bank Easements protect 2,403 acres of land. The Native Prairie Bank Program was established by the 1987 legislature to protect native prairie lands by entering into perpetual conservation easements with landowners. These easements provide protection for the prairie resource while the land remains in private ownership.

Native prairie is Minnesota's most endangered natural habitat type. The state once had over 18 million acres of prairie. Today less than 1% remains (an estimated 150,000 acres). These lands are home to more rare and endangered plants and animals than any of Minnesota's other natural habitats - over 100 different species.

Prairies provide excellent wildlife habitat for nesting waterfowl, pheasant, and other upland nesting birds in addition to protecting rare species. The rich soil of most of Minnesota's productive farmland was formed under a prairie sod. Today, native prairies also are important for agricultural research (soil fertility and crop development) and provide valuable hay and pasture lands.

Seventy-five percent of the state's native prairie, is privately owned. The long-range goal of the Native Prairie Bank program is to protect 75,000 acres of native prairie on private land. In the next 10 years our goal is to enroll about a third of this (20-25,000 acres). This funding request will enroll an estimated 15 prairie tracts, protecting about 1,800 acres of prairie on private land in F.Y. 2000-2001. The Native Prairie Bank Program provides many landowners the option to keep the land in private ownership while protecting the prairie for future generations.

For a permanent easement the landowner is paid 65% of the RIM permanent marginal agricultural land payment rate (equal to 58% of the average estimated market value of cropland in the township). If the landowner is interested in continuing agricultural uses such as limited haying or grazing, a set of conditions and practices are developed (often in consultation with SCS, MES or SWCD) that will allow such use yet still protect the prairie. The payment rate is adjusted to reflect the retention of these rights.

B. SNA Acquisition: $400 Thousand

At the present time there are 128 SNAs covering 177,978 acres. Of this total, 146,238 acres are in 16 ecologically significant peatlands, legislatively protected by the Wetland Conservation Act of 1991.

This request for SNA acquisition follows the Long Range Plan (LRP) for Scientific and Natural Areas. In 1980, the LCMR, as a part of its oversight of agency acquisition work programs, mandated that the SNA Program develops a LRP. This LRP was again approved by the LCMR in 1991 when the plan was updated. In addition, this request places priority on acquiring lands adjacent to existing natural areas to permit better management and protection of lands and resources already protected.

Minnesota has approximately 500 features that are tracked by the DNR to ensure their protection. While many of these features are found across several landscape regions others may be restricted to one. To ensure all of these entities are preserved it is estimated that a system of 500 SNAs will be needed by the year 2085 to adequately protect these features in a system of multiple sites.

Protection priorities for SNAs are identified through the inventory and assessment efforts of the Natural Heritage Program and the Minnesota County Biological Survey (MCBS). The MCBS is a systematic county by county inventory of all natural features that presently remain in Minnesota. Priorities from the MCBS, assessment of historical occurrences of rare features (in counties where MCBS is not completed), and past Heritage inventory efforts, enable the SNA Program to identify and pursue the best possible sites for protection. Some sites are acquired in counties where the MCBS or Heritage Program has not completed an inventory. In these cases protection priorities are influenced by historical data, immediate threats to critical parcels, knowledge of co-occurrences of rarity, data from federally funded inventories (federal endangered species efforts), and other first hand knowledge of a site. The process used to identify protection priorities often allows the SNA Program to meet multiple protection objectives (communities and species/geological features) while protecting one site.

Protection efforts also entail a continual review of the existing public land base to determine the occurrence of rare species, geological features and plant communities. If significant occurrences are found on public land the site will be considered for SNA designation. Gifts of lands are another method by which SNAs are protected. Acquisition is used to protect occurrences of rare features in private ownership where similar features are not adequately protected on the public land.

It is estimated that protection of the ecological priorities and adjacent lands as SNAs will cost over $5 million. The requested level of funding will protect but a fraction of the 3,600 acres of virgin prairies, old growth forests, geological features, and rare species habitats. To acquire the remaining 48,000 acres of county owned peatlands will require an additional $3 million. Protection costs are based on average costs to acquire critical SNA lands over the past few years.

C. Development : $300 Thousand

This request for SNA development is necessary to ensure the genetic and biological diversity found on SNA sites (protected in each landscape region of the state) for species, geological features and plant communities is retained. Development also prevents the loss of important species, plant communities and features from accidental or willful human disturbance and natural catastrophe.

Development efforts are critical to the long-term protection of acquired lands. Unless lands are adequately fenced, gated, signed and posted, trespass and activities destructive to the rare species and habitats/plant communities will take place. Without legal posting, regulations may not be enforceable. Fields that are occasionally included in acquired parcels require restoration actions. Restoration requires the collection of seed from the site and subsequent replanting with seeds or nursery stock. Restoration activities, though never really recreating the original vegetation lost, allows for enhancement of the entire parcel and habitat component for the rare species found there. Restoration also lessens the likelihood of problems from exotic species over the long term. Development will also include construction of new interpretive facilities at locations that currently do not have them. These developments will permit natural areas to be used to their optimum allowable use levels as well discourage inappropriate use.

It is estimated that development of critical sites as SNA would cost over $3.6 million over the next 6 years.

IMPACT ON OPERATING BUDGET:

As new Prairie Bank Easements and new SNA are acquired the annual operating cost will increase accordingly. Acquisition of lands adjacent to existing SNA or Prairie Bank site often results in no increase or an actual decrease in the long term management cost since problems emanating from adjacent lands are eliminated e.g. soil erosion and its accompanying noxious weeds, trespass. Site management includes prescribed burning and control of exotic plants, which is necessary to protect the state's investment and safeguard rare, and endangered species found on the acquired lands. The level of funding needed will depend upon the number of new Prairie Bank and SNA sites acquired as well as their location relative to other DNR lands.

PREVIOUS PROJECT FUNDING:

Appropriations made during the last 6 years include the following (in $000):

Dollars in Thousands ($137,500 = $138)

Prairie Bank Easements

M.L. 1994, Chapter 643	$ 300	Bonding
M.L. 1998, Chapter 404	$ 400	General
Total	$ 700	

Scientific and Natural Areas Acquisition

M.L. 1994, Chapter 643	$1,000	Bonding
M.L. 1996, Chapter 463	$ 500	Bonding
M.L. 1997, Chapter 216	$ 200	Trust Fund
M.L. 1998, Chapter 404	$2,200	General
Total	$3,900	

SNA Development

M.L. 1994, Chapter 643	$ 615	Bonding
M.L. 1996, Chapter 463	$ 240	Bonding
M.L. 1998, Chapter 404	$ 400	General
Total	$1,255	

OTHER CONSIDERATIONS (OPTIONAL):

Scientific and Natural Areas & Prairie Bank

Funds have historically been appropriated though bonding or from the Environmental Trust Fund for development and acquisition for these programs. Lack of funds for development, interpretation, management, and monitoring will jeopardize the lands previously protected as SNA, threaten the survival of rare and endangered species on these sites and limit educational use.

If significant sites are not acquired as SNA, rare and endangered species, geological features, and native plant communities will be lost to urban development, agricultural expansion, mining, silvicultural management and other land uses. These sites can not be recreated once they are lost. 81% of Minnesotans surveyed believe natural areas need to be protected.

Funding for interpretive efforts on SNAs has been minimal. Lack of interpretive materials and facilities at SNA sites does not allow the full educational potential of an area to be realized. Education of users to SNA is one of the keys to protecting a sites resources as well as other natural resources across the state.

Similarly, if additional funding is not provided for Prairie Bank, private prairie lands will be lost to continued agricultural conversion and intensive grazing. This loss of the prairie landscape and its attendant prairie dependant species can be slowed by providing landowners who have no interest in selling their land or who desire or need added income an option through the prairie bank program to see it protected.

PROJECT CONTACT PERSON, TITLE, AND PHONE:

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Natural Resources, Department of
SNA's and Prairie Bank

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition						07/2000	06/2002
Land, Land and Easements, Options	$4,590	$1,300	$1,300	$1,300	$8,490		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	4,590	1,300	1,300	1,300	8,490		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/2000	06/2002
State Staff Project Management	751	100	100	100	1,051		
Construction Management	0	0	0	0	0		
Other Costs	0	0	0	0	0		
SUBTOTAL	751	100	100	100	1,051		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	474	200	200	200	1,074		
Hazardous Material Abatement	40	0	0	0	40		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	514	200	200	200	1,114		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$5,855	$1,600	$1,600	$1,600	$10,655		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,655	1,600	1,600	1,600	7,455
General Fund Projects	3,000	0	0	0	3,000
Env & Natural Resoures	200	0	0	0	200
State Funds Subtotal	5,855	1,600	1,600	1,600	10,655
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**5,855**	**1,600**	**1,600**	**1,600**	**10,655**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation) FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	1,230	1,230	1,230	1,230	1,230
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	1,230	1,230	1,230	1,230	1,230
Revenue Offsets	0	0	0	0	0
TOTAL	1,230	1,230	1,230	1,230	1,230
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 18	3,000
94' Chapter 643, Section 23, Subd. 18 and 23	1,915
96' Chapter 463, Section 7, Subd. 21 and 22	740
97' Chapter 216, Section 15, Subd. 17(k)	200

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	1,600	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This is an on-going program funded in each capital budget, and represents a reasonable level of effort for the next two years.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.6 million for this project. Also included are budget planning estimates of $1.6 million in 2002 and $1.6 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	355

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2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 9 of 19 (Non-Building Projects)

PROJECT LOCATION: Snake River (Warren), Ottertail River (Frazee), Pomme de Terre River (Appleton), Red River (Moorhead)

PROJECT DESCRIPTION:

This habitat initiative is for $1 million in general obligation bonding for river restoration efforts ($700 thousand) and for improving fish passage by converting lowhead dams to rapids ($300 thousand). Some of Minnesota's prettiest and healthiest places are its streams and rivers; running through lush valleys, steep gorges and flattened till plains. But these waters, and the rich fisheries that they support, are being ruined as stream banks cave in and silt washes in from the surrounding countryside. At the same time, recreational use of rivers and streams is growing, while off-stream demands for water use to support agriculture, waste disposal, transportation, and industry have increased 3 times faster than our population growth. As Minnesotans call for cleaner, healthier river systems, the state needs to show leadership in protecting and restoring these valued resources.

A. River Restoration ($700 thousand)

During the 20th century, Minnesotans have widened, straightened, cleared, ditched, lined, dammed and otherwise tried to control rivers, for various reasons. Today, it is widely recognized that channelized or otherwise highly degraded rivers must have their physical and biological functions restored if they are to again be sustainable, healthy systems.

This request will provide funds to restore the ecological benefits of portions of three highly degraded river systems: the Snake River (in northwestern Minnesota; $500 thousand), the Otter Tail River at Frazee ($100 thousand), and the Pomme de Terre River at Appleton ($100 thousand). These restorations will improve fish and wildlife habitat, water quality, and water availability, while at the same time reducing erosion and downstream flooding.

1. *Snake River* ($500 thousand)

   Decades ago, in an effort to quickly move water off the land, river flows were diverted from 2.6 miles of a natural channel of the Snake River to a man-made channel. River ecologists now understand that channelizing rivers can actually exacerbate flooding and decrease water quality and fish and wildlife habitat. Funds are requested to restore the abandoned channel of the Snake River and re-divert flows from the channelized river reach into the natural channel. The project will reduce flooding, in-channel erosion, and movement of sediment and increase riverine values, including fish and wildlife habitat and water quality. It will take approximately $500 thousand to restore the 2.6 miles of affected river.

   This effort is part of a much larger project to provide flood relief to the City of Warren and local property owners via a partnership with the DNR, the Snake and Middle River Watershed District, and the Natural Resources Conservation Service. A major component of this project is the construction of an impoundment structure to store flood water upstream on the Snake River and a floodway bypass around the city (total project cost $8 million; $6 million in federal funds and $2 million in state funds). The DNR has championed an environmentally sound approach to flood reduction, particularly in the Red River Basin. Funding the restoration portion of this flood reduction effort would be welcomed by our partners and project sponsors (the City of Warren and the Snake and Middle Rivers Watershed District). It would clearly demonstrate the department's commitment to long-term solutions to watershed problems and ensure a complete river restoration for that segment of the Snake River.

2. *Otter Tail River at Frazee and the Pomme de Terre River at Appleton* ($200 thousand).

   Dams on the Otter Tail River at Frazee and the Pomme de Terre River at Appleton were removed during late winter/early spring of 1999. Unfortunately, removing a dam does not wholly address some of the key impacts that these structures cause to the river system. The accumulated sediment (mud flats) in the dewatered reservoir behind the dam is evidence of the degradation that occurred. If left alone, much of the accumulated sediment will be eroded by the flows following dam removal and moved downstream. The result is unstable habitat within the channel that is largely unsuitable for aquatic life.

   Restoration of the previously impounded river channels along the Otter Tail River and the Pomme de Terre River is necessary following removal of the dams at Frazee and Appleton, respectively. Degradation of the stream beds and banks is already apparent, as the streams cut their way through deposited sediment and eroded laterally, leaving raw, exposed and sloughing banks. At Frazee, the affected river segment is less than ½ mile long and flows through the middle of the town. We estimate that restoration of channel meanders and bank integrity will cost $100 thousand. On the Pomme de Terre, the affected river is bordered by a golf course, city streets, and private homes. Work began to remove the dam and stabilize the channel behind it in fall 1998, targeting grade control measures designed to protect the existing railroad bridge and road. Additional work is needed upstream, to establish channel meanders and control lateral migration of the channel, erosion of banks and movement of accumulated sediment downstream. The estimated cost is $100 thousand.

   Minnesota has a unique opportunity to restore these rivers, now degraded by the sediment accumulated during the dams presence, and to enhance the local resource values in those towns. In each case, the City support for a restored river is extraordinary.

B. Modifying Dams for Fish Passage in the Red River ($300 thousand)

This segment of the funding request is to restore historic fish migrations through 4 low-head dams along the Red River. The downstream channel at 3 of the dam sites (Moorhead North, Moorhead South and Hickson) will be converted to rapids; the dam at the fourth site (Christine) will be removed and the river reach also converted to a rapids.

Dam construction has blocked numerous migratory pathways and flooded out high gradient habitat in our rivers. This has eliminated or reduced fish populations in areas both upstream (loss of migrating fish) and downstream (loss of spawning habitat) of these dams. Many dams in the Red River Basin are particularly damaging since they block migrations from the very flat gradient mainstem to the high gradient spawning habitat associated with the river's tributaries in beach ridges of Glacial Lake Aggasiz.

The same hydraulic characteristics of dams which block fish migrations have also resulted in serious safety and erosion problems. At least 75 drownings have occurred below low-head dams on the Red River and its tributaries. This is due to dangerous undertows created by high velocity water flowing over the steep slope and smooth surface of the dam. Most of these dams also have serious downstream erosion problems due to concertration of energy in the tailrace and reduced sediment load (sediment hungry) of water leaving the reservoir.

The design of the proposed dam conversions uses large boulders to create a rock rapids from the dam crest downstream. The resulting rapids is designed to have rough downward slope of 3-5% (unlike the dams which have smooth slopes of 0-100%), thus reducing velocities and eliminating dangerous undertows. Conversion of a lowhead dam into a rapids has been successfully completed at Midtown Dam on the Red River and has sparked further interest in this type of project. The converted rapids create unique spawning habitat, particularly in a low gradient river like the Red. In addition to the benefits to fish migration, fish spawning and human safety, the conversion design also creates an aesthetically pleasing falls, makes it unnecessary to remove or stabilize accumulated sediment in the reservoir associated with removal, and provides a canoeable Class II rapids.

Planned dispersal of the money for this portion of the project is to allot $75 thousand for each dam conversion. Specific allotments may vary slightly, depending on match amounts from other agencies and the specific design requirements at each site. The targeted dams are (from upstream to downstream): *Christine Dam* on Red River upstream of Moorhead; *Hickson Dam* on Red River; *South Dam* on Red River at Moorhead and *North Dam* on Red River at Moorhead. The North Dakota Water Commission, the City of Fargo, the City of Moorhead, North Dakota Game and Fish, Buffalo/Red Watershed District and others are committed to share the cost of this project on North and South Dams.

Once these 4 dams are converted, only 2 mainstem dams would remain on the Red River-Drayton Dam and Riverside Dam in Grand Forks. Both of these structures are currently in the design phase for reconstruction and restoration for fish passage.

Consequently, the entire Red River of the North, from Breckenridge to Hudson Bay, could be reconnected with support of this capital budget request.

IMPACT ON OPERATING BUDGET:

This capital bonding request will not have a long-term impact on the DNR operating budget. In the short-term, river ecologists within the Division of Fish and Wildlife will allocate a significant portion of their work time to the technical coordination needed to design and implement the proposed projects and to coordinate with the local partners.

PREVIOUS PROJECT FUNDING (in $000's)

M.L. 1998, Chapter 404 $500 General

PROJECT CONTACTS:

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Natural Resources, Department of
Stream Protection and Restoration

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources		**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
5. Construction Costs							07/2000	06/2002
Site & Building Preparation		500	1,000	1,000	1,000	3,500		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	500	1,000	1,000	1,000	3,500		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$500	$1,000	$1,000	$1,000	$3,500		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,000	1,000	1,000	3,000
General Fund Projects	500	0	0	0	500
State Funds Subtotal	500	1,000	1,000	1,000	3,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**500**	**1,000**	**1,000**	**1,000**	**3,500**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	117	117	117	117	117
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	117	117	117	117	117
Revenue Offsets	0	0	0	0	0
TOTAL	117	117	117	117	117
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
98' Chapter 404, Section 7, Subd. 17	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is part of the agency's mission of preservation and restoration.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1 million for this project. Also included are budget planning estimates of $1 million in 2002 and $1 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	20
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	245

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2000 STATE APPROPRIATION REQUEST: $700

AGENCY PROJECT PRIORITY: 10 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $700 thousand in bonding for the reforestation of harvested sites on state forestlands. The key elements of this request include:

Element	Acres	$000's
Planting	3,360	214
Aerial Seeding	3,570	25
Ground Seeding	100	5
Site Preparation	4,800	456
Total		700

Over 30,000 acres of timber is harvested on state forest lands annually with an annual revenue of over $12 million. M.S. 89.002, Subd.2 requires reforestation of harvested sites. Natural regeneration techniques are used to reforest two-thirds of harvested sites and planting or seeding is required to reforest the remaining 10,000 acres annually.

Over 1,000 individual state land tree planting and seeding sites will be developed throughout the forested area of Minnesota during the next biennium.

The Division of Forestry received 87% of requested reforestation funding in F.Y. 1998, 90% of requested reforestation funding in F.Y. 1999 and 77% of the total $2.5 million requested reforestation funding in F.Y. 2000. This has resulted in deferral of reforestation projects. As reforestation funding levels continue to decrease and because Minnesota Statute requires reforestation of all harvested acreage, timber sales must ultimately be reduced causing a reduction in timber sales revenue to the General Fund and Trust Fund. Dedicated reforestation funds will stabilize reforestation funding at a level that will allow timber harvesting to continue at recommended harvest levels. Site preparation, tree planting and seeding are the activities that establish the new forest, an asset that increases in value all during the average 100-year life span of the forest crop. The $700 thousand bonding request for the F.Y. 2000–01 biennium will fund 14% of the planned activities. The Division of Forestry will be expected to fund the remainder as well as all required timber stand improvement and plantation protection activities on reforested sites which total $4.9 million.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request is in addition to the $4.2 million that the Division of Forestry needs to be spending during the F.Y. 2000-01 biennium to complete planned reforestation activities including additional planting, seeding, site preparation, tree seedling and seed purchase, timber stand improvement and plantation protection in order to fully meet the reforestation requirements of M.S. 89.002.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

Bob Pajala, Staff Silviculturist
500 Lafayette Road, Box 44
St. Paul, MN 55155
Phone: (651) 297-3513

Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	0	700	700	700	2,100		
SUBTOTAL	0	700	700	700	2,100		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$0	$700	$700	$700	$2,100		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	700	700	700	2,100
State Funds Subtotal	0	700	700	700	2,100
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**700**	**700**	**700**	**2,100**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	4,200	4,200	4,200	4,200	4,200
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	4,200	4,200	4,200	4,200	4,200
Revenue Offsets	0	0	0	0	0
TOTAL	4,200	4,200	4,200	4,200	4,200
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	700	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

The agency receives reforestation funds in its base budget, and needs additional funding to allow planned timber harvest levels to continue. Because of the nature of work to be performed and the annual ongoing requirements for reforestation to match harvests, the Department of Finance believes that this issue is more properly addressed in the operating budget. The DNR should raise the issue in the next biennial budget process.

Governor's Recommendation:

The Governor does not recommend capital funds for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	35
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	225

2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 11 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $1.0 million in bonding to provide state match for the Reinvest in Minnesota (RIM) Critical Habitat Private Sector Matching Account (CHM). The RIM - CHM program provides an opportunity for private individuals, groups, and businesses to help fund the cost of acquiring or improving critical fish, wildlife, and native plant habitats. State funds in CHM are matched dollar-for-dollar by contributions of land, easements, or cash to the program. Land donations and purchases have been primarily for wildlife management areas (WMA), with other projects involving acquisitions in scientific and natural areas (SNA), state parks, aquatic management areas (AMA), and state forests. Since 1986, the CHM Program has received over $4.8 million in cash contributions and $16.7 million in land donations.

Projects emphasize the protection and enhancement of habitat for endangered or threatened species, protection of uncommon or diminishing ecological communities, benefits to existing fish and wildlife populations, and enhancement of fish and wildlife oriented recreation.

In addition to acquisition, critical habitat is improved to protect and restore fish and wildlife populations and native plant communities. The most common projects are planting critical winter cover and secure nesting cover, restoring wetlands, and improving forest habitat. Fisheries habitat may be protected or improved by acquiring riparian lands, stabilizing lake or stream shores, restoring aquatic vegetation, improving fish habitat in streams, reclaiming watersheds, and other fisheries management activities. Work is also undertaken to improve habitat for nongame species. The private match for the nongame projects comes from the contributions to the Nongame Wildlife Management Account.

The 1998 Legislature appropriated $5 million for the CHM Program as part of the 1998 Capital Budget. The special critical habitat license plate authorized in 1995 currently provides an additional $615 thousand per year to the CHM Program. After matching these available funds with existing CHM donations and pledges, along with new donations averaging $1.5 million per year over the past 5 years, at least $2.5 million in additional state funds will be needed to meet the needs for F.Y. 2000 and F.Y. 2001. Donations to the state could be lost and sensitive critical habitat lands would be threatened if RIM matching dollars are not available.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTES):

Acquisition of lands under this program will increase agency costs in 2 areas: 1) Payment in-lieu-of-taxes that the state provides the counties to offset the loss of property taxes due to state ownership; and 2) development costs such as posting, parking lots, and habitat rehabilitation associated with the purchase of new property. Acquisition of priority parcels in existing units will, however, enhance management and public use in projects where the state already has an investment in lands.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX AND E-MAIL:

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/2000	06/2002
Land, Land and Easements, Options		$13,581	$1,898	$1,898	$1,898	$19,275		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	13,581	1,898	1,898	1,898	19,275		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management							07/2000	06/2002
State Staff Project Management		1,500	210	210	210	2,130		
Construction Management		0	0	0	0	0		
Other Costs		0	0	0	0	0		
	SUBTOTAL	1,500	210	210	210	2,130		
5. Construction Costs							07/2000	06/2002
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
Other Costs		2,660	372	372	372	3,776		
	SUBTOTAL	2,660	372	372	372	3,776		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$17,741	$2,480	$2,480	$2,480	$25,181		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	3,500	1,000	1,000	1,000	6,500
General Fund Projects	6,100	0	0	0	6,100
Env & Natural Resoures	1,510	0	0	0	1,510
Minnesota Resources	120	0	0	0	120
State Funds Subtotal	11,230	1,000	1,000	1,000	14,230
Agency Operating Budget Funds	1,650	1,230	1,230	1,230	5,340
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	4,861	250	250	250	5,611
Other	0	0	0	0	0
TOTAL	**17,741**	**2,480**	**2,480**	**2,480**	**25,181**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	120	120	120	120	120
Other Program Related Expenses	3,000	3,000	3,012	3,012	3,012
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	3,120	3,120	3,132	3,132	3,132
Revenue Offsets	0	0	0	0	0
TOTAL	3,120	3,120	3,132	3,132	3,132
Change from Current FY 2000-01		0	12	12	12
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 14	5,500
96' Chapter 463, Section 7, Subd. 22	2,500
97' Chapter 216, Section 15, Subds. 7 and 17 (i)	1,230
94' Chapter 643, Section 23, Subd. 23	1,000
96' Chapter 407, Section 8, Subd. 7 (a)	750
95' Chapter 220, Section 19, Subds. 10 (b)	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.

No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This is an on-going program normally funded in the capital budget. The only impact on the agency's operating budget is the increased PILT payments.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1 million for this project, contingent upon agency operating budget funds of $1.23 million and private funds of $250 thousand. Also included are budget planning estimates of $1 million in 2002 and $1 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	50
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	400

Dollars in Thousands ($137,500 = $138)

2000 STATE APPROPRIATION REQUEST: $1,500

AGENCY PROJECT PRIORITY: 12 of 19 (Non-Building Projects)

PROJECT LOCATION: Ramsey, Hennepin, Washington, Anoka, Scott, Carver, and Dakota Counties

PROJECT DESCRIPTION:

This request is for $1.5 million in bonding to protect critical, high-value, ecologically significant natural areas and greenways in the metro region. A variety of protection tools will be used, including the purchase of conservation easements, land trusting, and fee-acquisition. Protection activities will only be implemented where there are willing landowners and local government or community support. The program will be implemented in a manner consistent with the report of the 1997 Greenways and Natural Areas Collaborative: *Metro Greenprint – Planning for Nature in the Face of Urban Growth.* The selection of lands for protection will be based upon each area's ecological significance and professional evaluation using GIS analysis, as well as the role each area plays in the protection of the region's ecological function or a community's greenways and natural area plan.

In the 7-county metro region, less than 6% of the area's native habitat remains, much of it in scattered patches that support fewer species and smaller populations as a result of habitat fragmentation. Preserving and linking these areas will assure that future generations will be able to learn firsthand about the ecological significance of such natural features as trout streams, fens, prairies, and the Big Woods. Saving these areas will also relieve some of the growing pressures on existing trails, parks and open spaces resulting from rapid population growth, while adding further attractions to a $3.5 billion regional tourism economy.

Working with multiple agency and non-profit partners as well as an advisory committee, the Metro Greenways Program solicited and received 42 site nominations in 1999 requesting nearly $15 million in funds to protect regional and locally significant natural areas throughout the region. Using a variety of ecological, feasibility and local support criteria, 9 protection (through fee acquisition or conservation easement) sites and 2 restoration sites totaling over 940 areas have been selected for funding with current funds.

This request will allow the Metro Greenways Program to continue developing a regional network of ecologically significant natural areas and interconnected corridors in the 7-county metropolitan region. Without immediate protection, many of these natural areas will be irretrievably lost and with it, the multiple benefits for present and future generations.

PREVIOUS PROJECT FUNDING:

Capital budget appropriations made for the Metro Greenways and Natural Areas Program include:

M.L. 1998, Chapter 404	$4 million	General Fund

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The 1998 and 1999 legislative sessions have provided approximately $340 thousand per year to the department for technical assistance and grants to assist local government units and organizations in the metropolitan area to acquire and develop natural areas and greenways.

OTHER CONSIDERATIONS:

Deferral of this request may mean irreparable loss of high quality natural areas and may cause adverse environmental impacts.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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MN DNR, Metro Region
1200 Warner Road
St. Paul, MN 55106
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Email: alsinger@DNR-Region6.DNR-Metro

Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2000	06/2002
Land, Land and Easements, Options	$4,000	$1,500	$1,500	$1,500	$8,500		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	4,000	1,500	1,500	1,500	8,500		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
Other Costs	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$4,000	$1,500	$1,500	$1,500	$8,500		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,500	1,500	1,500	4,500
General Fund Projects	4,000	0	0	0	4,000
State Funds Subtotal	4,000	1,500	1,500	1,500	8,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**4,000**	**1,500**	**1,500**	**1,500**	**8,500**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	680	680	680	680	680
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	680	680	680	680	680
Revenue Offsets	0	0	0	0	0
TOTAL	680	680	680	680	680
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 19	4,000

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This request protects critical lands in the metro area. It supports the Governor's and the legislature's goals of working collaboratively with other agencies and non-profit groups.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.5 million for this project. Also included are budget planning estimates of $1.5 million in 2002 and $1.5 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	20
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	245

2000 STATE APPROPRIATION REQUEST: $2,000

AGENCY PROJECT PRIORITY: 13 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide--wildlife management areas, other state-owned lands

PROJECT DESCRIPTION:

This request is for $2 million in bonding to improve habitat on State Wildlife Management Area (WMAs) lands and to enhance the public wildlife related outdoor experiences on WMAs and other state lands.

WMAs are acquired to protect and enhance wildlife habitat and natural plant communities. Existing plant communities and wildlife habitat for which wildlife lands were purchased need to be retained and developed. This includes restoring wetlands, planting prairie grasses and forest winter cover. Lands purchased need to be surveyed and posted to protect land values and existing investments into the future.

Users expect a safe and reasonable access to state lands so that they can enjoy quality hunting and trapping and other outdoor wildlife related recreation and educational opportunities.

This request is of statewide significance because it provides funds to numerous projects across the state. Planned opportunities include the following:

- $400 thousand for the protection of property by posting and surveying new acquisitions; cleaning up WMA lands such as removing old building sites and dumps. Projected outcomes: 85 sites.
- $410 thousand for the improvement of services and infrastructure by upgrading access roads, water accesses and walking trails on WMAs and developing facilities where needed. Projected outcome: 100 facilities.
- $390 thousand to develop and protect forest and brushland habitat on WMAs and other state lands by reestablishing winter forest cover, and improving forest stands, forest openings and critical brush-lands. Projected outcome: 3,900 acres.
- $600 thousand to restore prairie/grassland habitat by establishing native grasses and forbs for long-term vegetative cover on WMAs in the agricultural regions of Minnesota. Projected outcome: 8,100 acres.
- $200 thousand to restore and develop wetlands, replace and install water control structures, and other wetland enhancements. Projected outcome: 6,500 acres.

The Wildlife Section is directly responsible for the enhancement and protection of wildlife habitat on over one million acres in 1,293 wildlife management areas (760,000 acquired). In addition the Wildlife Section helps to improve habitat on several million acres of county and state forestland.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The Wildlife Sections' operation budgets are not adequate to meet the basic needs of wildlife management and to develop and maintain wildlife habitat on state lands. Operating funds are used to plan, operate and manage wildlife lands and associated facilities, however once a WMA is posted, nesting cover planted and primitive facilities developed, future maintenance obligations are required. This $2 million request will add a future maintenance commitment of $100 thousand per year.

The planned dedication of Consolidated Conservation (Con Con) Lands and other land purchases has resulted in the need to survey and post more than 700 miles of boundaries. This proposal will provide for a continuation of funds to survey additional lands through private sector vendors. Surveys will be delayed or not completed if carried out with operating funds.

The reestablishment of natural plant communities such as prairie grasslands on state lands reduces operating costs and improves efficiencies by reducing the need for annual noxious weed control. Improvement and upgrade of access roads will reduce long-term maintenance costs.

Environmental Trust and *Natural Resource* funds have been made available in previous years through the LCMR to reestablish prairie grasses and brushlands using prescribed burning. A 1999 general revenue appropriation was made available for brushland burns. In addition, the Nature Conservancy has provided funds to assist in prairie burning.

Earmarked funds such as Deer Management, Pheasant Stamp, and Waterfowl Stamp funds are available for selected projects but are not sufficient to meet all needs. RIM Critical Habitat Matching funds provide opportunities for habitat development, where matching partners are available, but in many areas, assistance is limited or they may be not quality for funding.

OTHER CONSIDERATIONS (OPTIONAL):

With the increased need to protect unique wildlife lands, restore wetlands, and improve customer service, a greater need exists to properly care for and develop lands that have been purchased or donated. Existing funds provide for only a portion of development needs. With additional lands being purchased, funds will have to be further reallocated from existing operating and project development budgets to protect new purchases and to establish cover on exposed croplands. Not managing or protecting our land will lead to increased trespass or inappropriate use, loss of wildlife values, unsafe access to sites, and reduced hunting opportunities and support by the public.

PROJECT CONTACT PERSON, TITLE, PHONE, FAX, and E-MAIL:

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500 Lafayette Road
St. Paul, MN 55155-4004
Phone: (612) 296-0705
Fax: (612) 297-4961
Email: dick.carlson@dnr.state.mn.us

Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
Other Costs	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	2,500	910	910	910	5,230		
SUBTOTAL	2,500	910	910	910	5,230		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	2,475	1,090	1,090	1,090	5,745	07/2000	06/2002
GRAND TOTAL	$4,975	$2,000	$2,000	$2,000	$10,975		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,975	2,000	2,000	2,000	7,975
General	3,000	0	0	0	3,000
State Funds Subtotal	4,975	2,000	2,000	2,000	10,975
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**4,975**	**2,000**	**2,000**	**2,000**	**10,975**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	540	540	730	730	730
Other Program Related Expenses	290	290	300	300	300
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	830	830	1,030	1,030	1,030
Revenue Offsets	0	0	0	0	0
TOTAL	830	830	1,030	1,030	1,030
Change from Current FY 2000-01		0	200	200	200
Change in F.T.E. Personnel		0.0	2.0	2.0	2.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd's. 16 & 20	3,000
94' Chapter 643, Section 23, Subd. 18	1,315
96' Chapter 463, Section 7, Subd. 21	660

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	2,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This is an on-going program that has historically received capital budget funding. The agency has not documented it's estimate of the impact on the agency's operating budget, but it is reasonable to assume an increase will occur. The actual impact will not be known until after these funds have been spent.

Governor's Recommendation:

The Governor recommends general obligation bonding of $2 million for this project. Also included are budget planning estimates of $2 million in 2002 and $2 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	20
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	270

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2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 14 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $1 million for state forest land acquisition.

The Division of Forestry administers nearly 4.4 million acres of the roughly 5.3 million acres of land administered by the Department of Natural Resources (DNR). Minnesota has 14.7 million acres of commercial forest land. These lands are about equally divided between public and private landowners. Forestry manages about 20% of the commercial forest land in Minnesota.

The 6-year strategic plan for this program includes the acquisition of parcels from the following list of 4,110 acres of private land from willing sellers within the existing boundaries of 9 state forests at an estimated cost of $4.328 million. It is estimated that the 1998 Capital Budget appropriation of $800 thousand will reduce the total in this list by about 600 acres by the time the funds are expended.

State Forest	Acres	Amount ($ 000's)
R.J. Dorer Memorial Hardwood Forest	1,000	$ 860
Sand Dunes State Forest	520	1,040
Pillsbury State Forest	1,765	1,600
Crow Wing State Forest	493	592
Other State Forests	332	236
Total	4,110	$4,328

State forest lands include a mix of large contiguous blocks and small isolated parcels. This checkerboard pattern of public land ownership is inefficient to manage. Dispersed ownership increases the costs of on-site management and in determining property corners, maintaining property lines, providing road access, and preventing trespass.

One objective of this request is to eliminate private in-holdings within the existing boundaries of a few state forests to provide more contiguous units for more efficient management and reduced mixed-ownership conflicts (e.g., trespass, and conflicting land use). Larger, more contiguous blocks of state forest land are also important in addressing the conservation of biological diversity and to promote ecosystem-based management.

Land acquisition is undertaken on a case-by-case basis for specific purposes such as improving management efficiency, protecting key forest resources, and maintaining an adequate public forest resource base to provide for multiple-use forest values.

The land acquisition proposals contained in this capital budget request are in state forests where private in-holdings are susceptible to residential and commercial development and that receive heavy recreational use because of their proximity to expanding urban areas and tourist centers. Continued recreation and development pressures in these areas will make state forest land more and more valuable since opportunities for dispersed recreation are not available on private land and other public land.

PREVIOUS PROJECT FUNDING:

Appropriations made for state forest land acquisition during the last 6 years include (in $000):

M.L. 1994, Chapter 643	$ 250	Bonding
M.L. 1997, Chapter 216	400	Trust Fund
M.L. 1998, Chapter 404	800	General
TOTAL	$1,450	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The acquisition of state forest lands will increase the payment in-lieu-taxes made under M.S. 477A.12. Also, the department annually distributes the income received from lands acquired for state forest purposes under M.S. 89.036 as follows: 50% to the county in which the income was derived; the remaining 50% is transferred to the General Fund.

OTHER CONSIDERATIONS:

Deferral of this project will result in the development of forest inholdings for residential or private recreational purposes. When private inholdings are developed within the state forests, management and use of adjacent state lands often are not compatible with the private land owners.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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DNR Division of Forestry
500 Lafayette Road, Box 44
St. Paul, MN 55155-4044
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Fax: (612) 296-5954
Email: steve.simmer@dnr.state.mn.us

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition						07/2000	06/2002
Land, Land and Easements, Options	$1,260	$870	$870	$870	$3,870		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	1,260	870	870	870	3,870		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/2000	06/2002
State Staff Project Management	190	130	130	130	580		
Construction Management	0	0	0	0	0		
SUBTOTAL	190	130	130	130	580		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$1,450	$1,000	$1,000	$1,000	$4,450		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	250	1,000	1,000	1,000	3,250
Env & Natural Resoures	400	0	0	0	400
General	800	0	0	0	800
State Funds Subtotal	1,450	1,000	1,000	1,000	4,450
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**1,450**	**1,000**	**1,000**	**1,000**	**4,450**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 11	800
97' Chapter 216, Section 15, Subd. 16a	400
94' Chapter 643, Section 23, Subd. 26	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This on-going program has historically received capital budget funding. LCMR funds may be an alternate funding source.

Governor's Recommendation:

The Governor does not recommend capital funds for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	250

2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 15 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $1 million to acquire private lands within the legislatively established state park and recreation area boundaries. This level of funding will enable the department to acquire approximately 1,000 acres per year. Lands will only be purchased from willing sellers at appraised values. Approximately 15 landowners in 12 different parks have expressed an interest in selling should funding become available. Delaying this acquisition until later will greatly increase the cost of this effort.

The state park system was established to protect and preserve the state's unique natural and cultural resources while providing opportunities for outdoor recreation and enjoyment. The park system is made up of 67 park and recreation areas. This proposal will impact citizens across the state by providing additional recreation opportunities.

The state park system is constantly faced with the threat of nonconforming uses from private in-holdings. Housing and commercial developments and industrial uses such as gravel mining are examples of the conflicting uses that occur within park and recreation area boundaries. These properties are located in many state parks throughout the state.

The goal of the state park acquisition program is to purchase all private lands within the legislatively authorized state park and recreation boundaries that are offered for sale by willing sellers over the next 10 years. Of the 240,460 acres that are within authorized state park and recreation boundaries, approximately 10% or 24,000 acres are privately owned. It will cost approximately $24 million to acquire this private land.

The elimination of in-holdings prevents conflicts between private use and the resource management and protection goals of state park and recreation areas.

PREVIOUS PROJECT FUNDING:

Funding for state park and recreation area land acquisition during the last 6 years has been received from the Environment and Natural Resources Trust Fund, Bond Fund and General Fund as follows (in $000):

M.L. 1994, Chapter 643	2,000	Bonding
M.L. 1995, Chapter 220	2,190	Trust Fund
M.L. 1996, Chapter 463	1,750	Bonding
M.L. 1996, Chapter 407	1,000	Trust Fund
M.L. 1997, Chapter 216	2,500	Trust Fund
M.L. 1998, Chapter 404	2,250	General Fund
M.L. 1999, Chapter 231	996	Trust Fund
Total	$12,286	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

In many cases, the acquisition of key private parcels may improve the efficiency of management. While, in most cases, operating budgets are not affected, the state is required to make in-lieu-of-tax payments to the counties where the property is located.

OTHER CONSIDERATIONS:

Priorities for acquisition are based on willing sellers and the potential for development of the property if it is not acquired. Delay in the purchase of lands could mean they will be developed, usually for housing and lost for park use for the foreseeable future. Delay also means higher costs in the future.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/2000	06/2002
Land, Land and Easements, Options		$11,340	$900	$1,350	$1,350	$14,940		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	11,340	900	1,350	1,350	14,940		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management							07/2000	06/2002
State Staff Project Management		1,346	100	150	150	1,746		
Construction Management		0	0	0	0	0		
	SUBTOTAL	1,346	100	150	150	1,746		
5. Construction Costs								
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$12,686	$1,000	$1,500	$1,500	$16,686		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	3,750	1,000	1,500	1,500	7,750
Env & Natural Resoures	6,686	0	0	0	6,686
General	2,250	0	0	0	2,250
State Funds Subtotal	12,686	1,000	1,500	1,500	16,686
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**12,686**	**1,000**	**1,500**	**1,500**	**16,686**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	1,176	1,176	1,180	1,182	1,182
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	1,176	1,176	1,180	1,182	1,182
Revenue Offsets	0	0	0	0	0
TOTAL	1,176	1,176	1,180	1,182	1,182
Change from Current FY 2000-01		0	4	6	6
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
97' Chapter 216, Section 15, Subd. 4 (a)	2,500
98' Chapter 404, Section 7, Subd. 6	2,250
94' Chapter 643, Section 23, Subd.25	2,000
96' Chapter 463, Section 7, Subd. 8	1,750
95' Chapter 220, Section 20, Subd. (a)	1,120
95' Chapter 220, Section 19, Subd. 4 (b)	1,070
96' Chapter 407, Section 8, Subd. 3 (b)	1,000
99' Chapter 231, Section 16, Subd. 4 (i) & Section 17	996

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

Department of Finance Analysis:

This on-going program has historically received capital budget funding. It is beneficial for the department to have funding in the event the sale of private in-holdings could lead to development within a state park.

Governor's Recommendation:

The Governor recommends general obligation bonding of $700 thousand for this project. Also included are budget planning estimates of $1.0 million in 2002 and $1.0 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	105
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	20
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	345

2000 STATE APPROPRIATION REQUEST: $500

AGENCY PROJECT PRIORITY: 16 of 19 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $500 thousand in bonding for the rehabilitation and improvement of 10 state forest campgrounds, 3 horse campgrounds, 1 horse/snowmobile trailhead development, 1 ATV trailhead improvement, 1 road bridge replacement, 1 new horse trail bridge, and 2 riverbank erosion control projects.

Rehabilitation projects include the replacement of latrines with vault toilets, reconstruction of campsites and campground trails, water well upgrades, erosion control on river and lake shores, and improvements such as sanitary fish cleaning facilities, security lights and pay phones for visitor security.

State forests provide recreational opportunities not often found with other public and private recreation facilities: more "rustic" camping experiences at facilities that are less developed (e.g., no electrical hookups or dump stations for recreational vehicles) and a wide variety of dispersed recreation (e.g., berry-picking, hunting, bird-watching, horse trail riding, etc.). The use of forest campgrounds has increased by 75% over the last 10 years.

Forestry currently administers 46 campgrounds, 44 day-use areas, 900 miles of trail, 142 water accesses, and 17 canoe and boating route campsites. Most of the division's facilities were constructed in the late 1960s and 1970s (some as early as the 1930s). Between 1983 and 1994, 25 state forest campgrounds, 22 day-use areas, 45 miles of trail, and 10 water accesses have been rehabilitated or developed with bonding funds or appropriations from the Environmental Trust Fund.

This request will provide funds needed to repair, replace, or construct facilities that improve the quality and delivery of services to those who use state forest recreation facilities and to provide for the safety of users. In addition, it will help the division meet the public's demand for a wider variety of recreational opportunities.

PREVIOUS PROJECT FUNDING:

Appropriations made for forest recreation facility rehabilitation during the last 6 years include (in $000):

M.L. 1994, Chapter 643	$500	Bonding
M.L. 1998, Chapter 404	$750	General

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):

The Division of Forestry receives no dedicated revenue from campgrounds, day use areas and non-motorized trails on state forest lands. In F.Y. 1997 spending on state forest recreation facilities was about $420 thousand for operations and maintenance activities such as garbage pickup, cleaning, and minor repairs. Direct appropriations have not kept pace with increased costs of operation, although the 1998 Legislature provided an appropriation of $600 thousand for the 1998-99 biennium to provide seasonal security personnel and for one time repairs in forest campgrounds. Only $460 thousand was included in the base for the 2000-01 biennium for security coverage. Improved and expanded facilities developed with past capital budgets have resulted in increased use of the forest campgrounds and day use facilities along with higher operating costs for refuse disposal, sanitation pumping, and basic supply purchases. It is estimated that these increased operating costs for F.Y. 2000-01 will amount to $81 thousand per year. The Division of Forestry has not received an increase in its operating budget to cover them. This capital budget request will increase operating costs by $25 thousand per year beginning in F.Y. 2002-03. Increased fee collections amounted to $60 thousand in 1998 over 1995, yet there has been no base level increase in general funds for forest recreational facilities since 1990.

OTHER CONSIDERATIONS:

Deferral of this project will result in further deterioration and/or overuse of facilities. The results include increased future maintenance costs, decreased quality of aesthetics and safety at facilities, and environmental damage from lack of mitigation.

State forest campgrounds provide over 1,000 campsites at 46 developed facilities, often in remote, scenic locations. They fill a unique niche in the outdoor recreation experience by providing a rustic experience in a peaceful, natural setting.

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Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	175	50	100	100	425	07/2000	06/2002
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	175	50	100	100	425		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	1,000	290	584	584	2,458		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	75	160	316	316	867		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	1,075	450	900	900	3,325		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$1,250	$500	$1,000	$1,000	$3,750		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	500	500	1,000	1,000	3,000
General Fund Projects	750	0	0	0	750
State Funds Subtotal	1,250	500	1,000	1,000	3,750
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**1,250**	**500**	**1,000**	**1,000**	**3,750**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	460	460	460	460	460
Other Program Related Expenses	909	909	979	979	979
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	1,369	1,369	1,439	1,439	1,439
Revenue Offsets	<500>	<500>	<520>	<540>	<560>
TOTAL	869	869	919	899	879
Change from Current FY 2000-01		0	50	30	10
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 13	750
94' Chapter 643, Section 23, Subd. 17	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

Department of Finance Analysis:

This project provides direct customer service, helps maintain existing recreational facilities, and mitigates environmental damage caused by the increased use of state forests. As the popularity of trails and campgrounds has increased, so has the need for increased maintenance and security. The forestry division is struggling to maintain an adequate level of service. Providing funding here would be consistent with state asset preservation goals.

Governor's Recommendation:

The Governor recommends general obligation bonding of $500 thousand for this project. Also included are budget planning estimates of $1 million in 2002 and $1 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	240

2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 17 of 19 (Non-Building Projects)

PROJECT LOCATION: Cass, Becker, Koochiching, Crow Wing, Kandiyohi, St. Louis, and Metro

PROJECT DESCRIPTION:

This request is for $1 million in bonding to continue a major rehabilitation and improvement program for significant lake/river areas of the state. Funding of this request will offer water recreational opportunities to the public by providing public access which include boat access, canoe access, fishing piers, shore fishing, and boater waysides. This proposal emphasizes a system of water access opportunities for a statewide significant lake/river, or an area of lakes, or a watershed. The statewide system now includes 1,550 boat access sites, 230 fishing piers and shore fishing sites. Many of these facilities have been in use for decades and are now in need of repair and upgrade. With continuing technological improvement in boating and fishing equipment, the demand for upgraded, rebuilt, and improved access is essential to maintain the quality water recreation experience Minnesotan's expect. This request is a system of opportunities that includes boat access (ramps, parking), fishing piers, and shore fishing as highlighted below:

Boat Access
- Rehabilitation and restoration of current access sites
- Expansion and rehabilitation of over used sites
- New acquisitions to meet demand
- Development of new sites

Shore Fishing
- Rehabilitation of existing shore fishing areas
- Replacement of fishing piers
- New fishing piers
- Development of new shore access sites

A typical DNR boat access site is 1 to 7 acres in size, contains a boat launching ramp, a parking lot, and informational signing. At high-use sites, portable toilets, safety lighting, docks, and landscaping are provided.

A typical shore fishing site contains a parking lot, accessible paths to the water, and either a fishing pier or shoreline improvement which provide a place to stand or sit while fishing or viewing.

The following project summary outlines the priorities by location and a brief description of the needs. Nearly all fishing pier and shore fishing projects, and some boat access projects, are developed in cooperation with local governments.

Northwest Minnesota
- $100 thousand, Becker County: 2 cooperative boat access rehabilitations.
- $100 thousand, Leech Lake Watershed: 1 boat access rehabilitation, 1 boat access expansion site.

Northeast Minnesota
- $100 thousand, Rainy River: 2 boat access rehabilitation/expansions.
- $100 thousand, Lake Vermillion: 1 boat access rehabilitation.

Central Minnesota
- $200 thousand, Gull Lake Chain: 1 cooperative boat access acquisition.

Southern Minnesota
- $150 thousand, Green Lake, Kandiyohi County: 1 cooperative boat access expansion/rehabilitation.

Metro Area
- $250 thousand: 2 cooperative site rehabilitation/expansions, 2 fishing pier/shore fishing sites.

State law and DNR policy have long recognized the rights of citizens to use one of Minnesota's greatest resources - its lakes and rivers. This program provides the means for the public to use those waters by providing developed access sites for a variety of clientele.

Although there are currently 1,550 boat access sites in operation, many lakes still have no public access or have very inadequate access for the size of the lake. This means the public cannot access public waters which they already own as citizens of the state. Guiding our decisions on priorities is the water access policy which contains criteria based on lake size, lake type, and water clarity. Other considerations are proximity to population centers, local demand, and statewide significance.

In a major boating study of the metro area by the DNR in 1996, findings indicated that boat accesses on weekends were routinely full. The demand is strong enough to warrant both access site expansion and purchasing more sites. From a statewide boating survey conducted by the University of Minnesota, we know that three-fourths of the state's boat owners launch a boat at a free public water access site at least once each year.

Also, boat registrations continue to increase at a rate of approximately 1% per year. For 1999, Minnesota was third in the nation with over 770,000 registered boats. Minnesota is highest in the nation in boats per capita *with one boat for every 6 people.*

Much of this project is to protect the state's current investment in boat access facilities. We recognize the need to rehabilitate existing facilities, not only to ensure a quality experience for the user, but to bring facilities in line with current mandates and laws such as handicapped accessibility and storm water management. Projects initiated now will eliminate more costly repairs in the future. Technology changes also are driving the need for rehabilitation. Larger boats and trailers require better designed launch ramps, turn-arounds, and parking to ease congestion and prevent conflicts. Recent boating surveys conducted in the Metro and Brainerd areas document these needs.

About 30% of the projects will have non-state participation that includes direct financial contributions, land donations, and in-kind services such as maintenance and operation of the facilities. Sites are acquired and developed according to the priority of the lake and the availability of willing sellers.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Maintenance funds are provided for access sites statewide through the Water Recreation Account. This request is not expected to increase maintenance because the sites are currently being maintained. This proposal is for rehabilitation and may reduce maintenance costs due to an upgraded facility.

To reduce operating costs, the DNR emphasizes cooperative projects whereby we develop a site by providing capital funds and the local unit of government operates and maintains the site especially for fishing piers and shore fishing sites. Day-to-day maintenance is typically provided by local units of government and major repairs are funded by the state.

OTHER CONSIDERATIONS:

This program provides funding for acquisition and development of boat access sites that are very expensive to acquire and develop. It also funds shore fishing improvements.

Suitable lakeshore for boat access and shore fishing sites are becoming more scarce due to private demand for lakeshore. As lakeshore property values continue to increase, acquisition funds do not purchase as much. If we do not accelerate acquisition, the public will continue to be denied access.

Under the federal Wallop-Breaux Act, Minnesota's boat access program earns federal funds from 2 sources. The federal Sport Fish Restoration Program requires that Minnesota spend 15% of its federal apportionment on boat access. These funds are earned in part using state capital funds and are reimbursed at 75%. This means Minnesota must spend over $2.5 million of state funds on boat access annually to earn over $1.8 million of federal funds. At the federal level, these funds are administered by the U.S. Fish and Wildlife Service.

The second source of Federal funds for boat access is the Boating Safety Program managed by the U.S. Coast Guard. Minnesota receives $600 thousand per year on a 50/50 match basis using in part state capital funds.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/2000	06/2002
Land, Land and Easements, Options		$3,400	$350	$350	$350	$4,450		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	3,400	350	350	350	4,450		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		425	150	150	150	875	07/2000	06/2002
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	425	150	150	150	875		
4. Project Management							07/2000	06/2002
State Staff Project Management		400	150	150	150	850		
Construction Management		0	0	0	0	0		
	SUBTOTAL	400	150	150	150	850		
5. Construction Costs							07/2000	06/2002
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		4,890	1,550	1,550	1,550	9,540		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	4,890	1,550	1,550	1,550	9,540		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$9,115	$2,200	$2,200	$2,200	$15,715		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	350	1,000	1,000	1,000	3,350
Env & Natural Resoures	3,001	0	0	0	3,001
Minnesota Resources	464	0	0	0	464
General	2,300	0	0	0	2,300
State Funds Subtotal	6,115	1,000	1,000	1,000	9,115
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	3,000	1,200	1,200	1,200	6,600
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**9,115**	**2,200**	**2,200**	**2,200**	**15,715**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation) FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	3,505	3,505	3,505	3,505	3,505
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	3,505	3,505	3,505	3,505	3,505
Revenue Offsets	0	0	0	0	0
TOTAL	3,505	3,505	3,505	3,505	3,505
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 21	2,000
99' Chapter 231, Section 16, Subd. 13 (f)	1,310
94' Chapter 632, Section 6	850
95' Chapter 220, Section 19, Subd. 4 (d)	600
97' Chapter 216, Section 15, Subd. 17 (o)	355
94' Chapter 643, Section 23, Subd. 24	350
97' Chapter 216, Section 15, Subd. 17 (p)	350
97' Chapter 216, Section 5, Subd.6	300

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is an important component of the agency's recreational commitment and has received LCMR funding in the past. In light of the limited size of the bonding bill, this alternate funding source may be more appropriate.

Governor's Recommendation:

The Governor does not recommend capital funds for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	105
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	30
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	330

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2000 STATE APPROPRIATION REQUEST: $1,400

AGENCY PROJECT PRIORITY: 18 of 19 (Non-Building Projects)

PROJECT LOCATION: Hackensack to Walker

PROJECT DESCRIPTION:

This request is for $1.4 million in bonding to complete development of the Paul Bunyan State Trail from Hackensack to Walker (15 miles). If any funds remain, they will be used to help complete the trail segment between Walker and Bemidji. The Paul Bunyan State Trail was authorized by the Legislature in M.S. Chapter 85.015. All development will be in accordance with the trail master plan as adopted. Recreational uses served by this proposal include bicyclists, in-line skaters, hikers and snowmobilers.

This project is a continuation of a major trail project started in the late 1980s between Baxter and Bemidji. Preliminary engineering cost estimates show that with this request and anticipated Intermodel Surface Transportation Efficiency Act (ISTEA) funding, this project may be completed. Funding will complete the trail between Hackensack and Bemidji and may complete the connection into Bemidji.

The state has already invested large amounts of capital in acquisition and development on the Paul Bunyan State Trail. This partially completed state trail incurs costs during the interim without enjoying the economic benefits that could result once full development takes place.

This trail is already supporting significant recreational use according to the results of our past surveys.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

It is anticipated that the completion of the trail between Hackensack and Walker will increase our operating costs by $23 thousand per year. This in itself is not much, but added to the recently completed development from previous bonding appropriations have increased our maintenance costs by $77 thousand per year. The operating budgets include labor salary, equipment, supplies and materials. Exact costs are subject to the combination of trail uses served by the trail, the level of use that develops, length and intensity of the winter season, and location within the state.

Maintenance and operations costs for multi-use trails range from $700 to $1,500 per mile per year. This estimate is based on $500 to $1 thousand per mile per year for warm season trail maintenance, plus $200 to $500 per year for winter trail maintenance. Funding for maintenance and operations is from a combination of sources, including General Fund and dedicated snowmobile and cross-country ski accounts.

OTHER CONSIDERATIONS:

Because of its location and high-quality attractions, this trail offers great potential for return on state funds. This trail supports year-round, intensive use. It has a state wide reputation, enjoys local governmental support, and support from citizens. It should be noted that cost estimates for these projects are only preliminary and the actual costs will not be known until final bid selection and approval.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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Fax: (612) 297-5475
Email: tom.danger@dnr.state.mn.us

Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$1,750	$0	$0	$0	$1,750		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	1,750	0	0	0	1,750		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	1,650	0	0	0	1,650		
Contract Documents	0	0	0	0	0		
Construction Administration	500	70	100	100	770	07/2000	06/2002
SUBTOTAL	2,150	70	100	100	2,420		
4. Project Management						07/2000	06/2002
State Staff Project Management	800	0	0	0	800		
Construction Management	500	0	0	0	500		
SUBTOTAL	1,300	0	0	0	1,300		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	14,748	1,330	1,900	1,900	19,878		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	14,748	1,330	1,900	1,900	19,878		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$19,948	$1,400	$2,000	$2,000	$25,348		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	12,128	1,400	2,000	2,000	17,528
General Fund Projects	7,570	0	0	0	7,570
Env & Natural Resoures	250	0	0	0	250
State Funds Subtotal	19,948	1,400	2,000	2,000	25,348
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**19,948**	**1,400**	**2,000**	**2,000**	**25,348**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	2,200	2,200	2,245	2,245	2,245
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	2,200	2,200	2,245	2,245	2,245
Revenue Offsets	0	0	0	0	0
TOTAL	2,200	2,200	2,245	2,245	2,245
Change from Current FY 2000-01		0	45	45	45
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
98' Chapter 404, Section 7, Subd. 22	10,250
94' Chapter 643, Section 23, Subd. 21	4,778
96' Chapter 463, Section 7, Subd. 12	4,000
97' Chapter 216, Section 5, Subd. 6	670
95' Chapter 220, Section 19, Subd. 4 (c)	250
99' Chapter 240, Article 2, Section 6, Subd. 5 ($3.350 M to Bonding)	0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,400	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project completes a section of the Paul Bunyan Trail between Walker and Hackensack.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.4 million for this project. Also included are budget planning estimates of $2.0 million in 2002 and $2.0 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	105
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	300

Dollars in Thousands ($137,500 = $138)

2000 STATE APPROPRIATION REQUEST: $4,000

AGENCY PROJECT PRIORITY: 19 of 19 (Non-Building Projects)

PROJECT LOCATION: Duluth - McQuade Road

PROJECT DESCRIPTION:

This request is for $4.0 million to design/develop a protected public water access facility at McQuade Road located in the city of Duluth, and Lakewood and Duluth townships in cooperation with the United States Army Corps of Engineers.

The Legislature established a safe harbors program for Lake Superior in 1993 (M.S. 86A.20). The law authorizes the Department of Natural Resources (DNR) to develop and operate, in cooperation with local units of government, small craft harbors in Knife River, Two Harbors, Silver Bay, Grand Marais, and Grand Portage. The DNR is also working with local governments under the authority of M.S. 97A.141 to develop protected public water access sites in other locations, such as McQuade Road. The DNR has taken a leadership role on the North Shore by providing technical assistance, research, and grants to local communities to assist with the development of project proposals.

The McQuade Road site in Duluth and 2 adjacent townships was chosen after many years of study by the Duluth Safe Harbor/Boat Access Committee and subsequently the McQuade Road Public Access Committee (MPAC). The first committee had determined that the McQuade Road site was the best location. The MPAC then developed a plan and completed a feasibility study. A joint powers agreement was executed by the city of Duluth, Lakewood and Duluth townships, and St. Louis County to oversee the acquisition, construction, and maintenance of the site in cooperation with DNR.

The protected access at McQuade road will provide shelter and access primarily for a variety of boating activities with the main use for fishing. The project will include about a 3.1-acre basin protected by breakwaters, 4 launch ramps, 3 docks, 90 car/trailers, and 35 car only parking spaces. It will also have restrooms, walking paths, benches, fishing piers, a fish cleaning station, public information, and native vegetative plantings.

Development costs are as follows: 1) breakwaters, basin construction and road relocation, $6 million; and 2) roads, parking lots, launch ramps, walkways, benches, etc., $1 million.

In the 1996 Capital Budget, the Legislature appropriated $500 thousand for this project with a required $350 thousand match in non-state funds, the city of Duluth provided $50 thousand and in 1997, the Legislature reduced the required match to $300 thousand.

Federal funds totalling $350 thousand were appropriated to the Army Corps of Engineers for preliminary survey and design review in F.F.Y. 1998 and 1999. In F.F.Y. 2000, $2 million was appropriated in PL 96-30 to the Corps for construction. The intention of the Corps is to request the remaining $1 million of federal funds in F.F.Y. 2001.

A protected water access site includes a harbor of refuge for boats in storms, a boat access, and associated amenities.

A safe harbor includes a harbor of refuge, boat access, dockage for boats, fueling station, sewage pumpout, and other site amenities.

The federal and state harbor program, has a 3-fold purpose: 1) providing the public with safe public water access for fishing, diving, cruising, and other recreational pursuits; 2) providing a system of safe habors which provide a safe haven for boaters in case of storms, fog, etc.; and 3) providing economic development in the communities of Knife River, Two Harbors, Silver Bay, Grand Marais, and Grand Portage through construction of marina facilities which could lead to commercial development of boat storage and repair facilities, motels, and other private businesses.

The first safe harbor at Silver Bay funded by the state, federal government, the Iron Range Resource and Rehabilitation Board (IRRRB), and the city of Silver Bay was completed August 1999. State funding was IRRRB, LCMR, and Bonding. In addition, Congress authorized into law McQuade Road, Knife River, Two Harbors and Taconite Harbor as federal harbors.

Taconite Harbor has received both federal and state funds (bonding 1998) and will be constructed in 2000. Two Harbors has also received federal and state funds (bonding 1998) and is in the design phase.

McQuade Road Harbor Construction Funding Summary:
($ in 000's)

Project	Federal Funds	State Request	Total State Funds Appropriated	Local Funds
McQuade	$3,000	$4,000	$500 (bonding 1996 for land acquisition)	$50 (city of Duluth

All harbor projects follow the same process: the local units of government initiate the implementation process by appointing a citizens advisory committee that studies the issues, reviews and discusses the options, and finally makes recommendations to the DNR. DNR and the Army Corps of Engineers cooperate on design and construction.

Currently, there are no small craft safe harbors along the North Shore of Lake Superior between Knife River and Grand Marais, a distance of about 90 miles. Silver Bay, when completed in summer 1999, will reduce the distance. But even then, the interval will not meet the recommended safe harbor standards used by Wisconsin, Michigan, and the U.S. Army Corps of Engineers. Wisconsin's recommended distance interval is 10 to 15 miles, while the U.S. Army Corps' and Michigan's standard interval is 30 miles between facilities. The lack of safe harbors, protected launching, and retrieval facilities is a major barrier to boating, fishing, and small craft commercial operations.

The North Shore of Lake Superior with its rocky shoreline, frequency of unexpected and violent storms, and extremely cold waters (anyone in the water will quickly succumb to hypothermia), is the most dangerous coast of the Great Lakes. Small craft traveling the shore or using the few existing unprotected accesses must look to the three commercial ore boat harbors or the few natural cove areas for protection. These emergency refuge sites are still very dangerous because of high waves within these basins during storms.

The number of small craft boaters on Lake Superior has increased significantly in the past decade. During that time, few improvements have been made to enhance the safety of these users. The use of Lake Superior by small craft and tour boats will continue to increase and without the Safe Harbors Program, the danger to the users will only increase. Safe harbors and protected boat access sites are a necessity if we are to protect the boating, fishing, diving and touring public of Minnesota and the Lake Superior region.

Also, surveys have shown considerable demand among the boating, fishing, diving, and tourism communities for additional safe access. The demand is being driven by a rebound in the fisheries resource (due to federal and state sea lamprey control programs) and the discovery of the North Shore by tourists. The demand for commercial tour boats focusing on the scenic resource and shipwrecks has also increased, and with this demand comes the need for further safe harbors.

This program also presents the opportunity to diversify the economy in the identified communities, many of which rely heavily on the forest and mining industries. Safe harbors will be a catalyst for expansion of exiting businesses and development of other new tourist-related businesses and may weigh heavily in the locating decisions of any potential new industry.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

All projects will be supported by user financing. Safe harbor projects (with marinas) will be operated and maintained by funds generated by boat slip rentals and the sale of marine fuel and services. Funds that exceed operational costs will be dedicated to long-term improvements, maintenance, and operation of the entire system. Users also directly support these facilities with boat license fees and gasoline taxes that are dedicated to the Water Recreation Account.

It is likely that the City of Duluth will oversee the maintenance and operation of McQuade Road.

OTHER CONSIDERATIONS:

The F.Y. 2002-03 request will include a harbor entrance reconfiguration, public boat access, lockage expansion, and other improvements at the Knife River Marina ($4 million) and an additional $1.1 million for dockage and landside improvements at Two Harbors. The city of Grand Marais has requested DNR to explore improvements to its harbor. Twin Points protected access is designed and construction funds will be requested in the future.

PROJECT CONTACT PERSON, TITLE, ADDRESS, PHONE, FAX, AND E-MAIL:

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$300	$0	$0	$0	$300		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	300	0	0	0	300		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	1,100	220	750	750	2,820	07/2000	06/2002
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	1,100	220	750	750	2,820		
4. Project Management						07/2000	06/2002
State Staff Project Management	1,100	220	750	750	2,820		
Construction Management	0	0	0	0	0		
SUBTOTAL	1,100	220	750	750	2,820		
5. Construction Costs						07/2000	06/2002
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	12,700	6,560	8,500	8,500	36,260		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	12,700	6,560	8,500	8,500	36,260		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$15,200	$7,000	$10,000	$10,000	$42,200		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,700	4,000	5,000	5,000	16,700
Minnesota Resources	1,000	0	0	0	1,000
IRRRB	500	0	0	0	500
General	5,400	0	0	0	5,400
State Funds Subtotal	9,600	4,000	5,000	5,000	23,600
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	5,300	3,000	5,000	5,000	18,300
Local Government Funds	300	0	0	0	300
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**15,200**	**7,000**	**10,000**	**10,000**	**42,200**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	513	513	513	513	513
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	513	513	513	513	513
Revenue Offsets	0	0	0	0	0
TOTAL	513	513	513	513	513
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 24	5,000
94' Chapter 643, Section 23, Subd.27	2,200
94' Chapter 632, Section 6	1,000
96' Chapter 463, Section 7, Subd.24	500
95' Chapter 224, Section 92 (IRRRB)	500
97' Chapter 216, Section 5, Subd. 6	400

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	4,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project expands the state's role in recreational boating by encouraging small boats to access the relatively dangerous waters of the state's northern shoreline. The susceptibility of the lake to sudden and violent storms and the lack of public access points have discouraged small boat operators from venturing out on the lake.

The LCMR may be an alternative funding source.

Governor's Recommendation:

The Governor does not recommend capital funds for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	50
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	285

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Dollars in Thousands ($137,500 = $138)

2000 STATE APPROPRIATION REQUEST: $5,000

AGENCY PROJECT PRIORITY: 1 of 2 (Grant Programs)

PROJECT LOCATION: 7-County Twin City Metropolitan Region

PROJECT DESCRIPTION:

Five million in state bonds is requested for the 2000-2001 Metropolitan Regional Parks Capital Improvement Program. These state bonds will leverage $3.3 million of Metropolitan Council bonds, $6.7 million of Federal ISTEA funds, and over $1 million of local government funds for a total public investment of $16 million. The funds will acquire land, redevelop parks and trails and develop new parks and trails in the Metropolitan Regional Park System.

In addition to the $5 million in state bonds proposed to be appropriated and available in July 2000, the Metropolitan Council will request $11.2 million from the Environmental Trust Fund (ETF) available in July 2001 as a supplement to the 2000 State bond appropriation. The Metropolitan Council will leverage the $11.2 million ETF appropriation with $7.43 million of Council bonds. The Metropolitan Council requests the ETF funds because they are available to accelerate the acquisition and development of the Metropolitan Regional Park System. The total of $16.2 million of state funds ($5 million of bonds and $11.2 million of ETF funds) is proposed in the Metropolitan Council's 2000-2001 regional parks capital improvement program. The $16.2 million of state funds, which leverages $18.463 million of Council bonds, Federal ISTEA grants and local government funds reflects the public's demand for these outdoor recreation facilities balanced against the public's willingness to pay for them.

The Metropolitan Regional Park System consists of 46,500 acres of parks and 103 miles of trails currently open for public use. It also includes the Como Conservatory, Como Zoo, Noerenberg Floral Garden and Square Lake Special Recreation Features. The Metropolitan Council under M.S. 473.147 designates units of the park system.

The Metropolitan Regional Park System is owned, operated and maintained by 10 regional park implementing agencies:

Anoka County	Minneapolis Park & Recreation Board
City of Bloomington	Ramsey County
Carver County	City of Saint Paul
Dakota County	Scott County
Hennepin Parks	Washington County

Over 16.8 million visits occurred in the park system in 1998. About 46% of those visits are from persons living outside the regional park implementing agency's local property tax jurisdiction—including 5.1% from out-of-state plus 4.4% from Greater Minnesota. It is this visitor origin pattern which justifies state funding as well as Metropolitan Council funding for these projects.

Park visitors will finance the state bonding request of $5 million through their state taxes. Based on park system visitor expenditure patterns, out-of-state visitors to the park system pay about $4 million per year in state taxes (primarily sales taxes). About $22 million of state tax revenues are generated per year from visits by persons living in Minnesota.

The projects proposed for funding are subgrants to 10 regional park implementing agencies listed above. The Metropolitan Council reviews and prioritizes the subgrants based on its policies as authorized under M.S. 473.147. Furthermore, this request conforms to Governor Ventura's principles for state capital investments in the following ways:

- Priority is given to projects serving the greatest number of citizens. Projects in the request are for parks and trails that had 8,518,379 visits in 1998 or 50.5% of the visits to the entire regional park system.

- Projects in this request are urgently needed and have demonstrated results by saving tax dollars. Four of 5 acquisition projects reimburse regional park agencies for acquiring land that came on the market from willing sellers when state and Metropolitan Council funds were not available. Quick action by these agencies saved tax dollars by obtaining land when it was the least expensive to acquire. In one instance, acquiring land for St. Croix Bluffs Regional Park through an accelerated acquisition option saved almost $900 thousand. Two of 5 redevelopment projects reimburse park agencies for matching $3.7 million of ISTEA grants in 1999 that would have been lost to other states if action was not taken. And, 4 of 9 development projects reimburse park agencies for projects that cost less to do in one phase than several smaller phases. Priority is given to these reimbursements because the park agencies have provided $4.38 million in no interest loans to the state and Metropolitan Council for projects that benefit the state and the region.

- Projects in this request maximize the state's investment by leveraging Federal ISTEA funds and other revenues. The state's $5 million investment will leverage $3.3 million of Metropolitan Council bonds, $6.7 million of ISTEA funds and over $1 million of local government funds. Every dollar of state bond funds will leverage $2.20 of non-state funds.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There is no impact on state agency operating budgets because this appropriation is a pass-through grant for metropolitan regional park capital improvements. However, operations costs of the regional park implementing agencies are likely to be reduced for redeveloping worn out facilities.

Since 1985, the state has appropriated General Funds to operate and maintain the Metropolitan Regional Park System under the provisions of MN Statutes 473.351. In 1999, $9 million was appropriated for state F.Ys. 2000 and 2001 (Laws of MN 1999, Chapter 231). The Metropolitan Council will disburse $4.5 million of this biennial appropriation to the regional park implementing agencies by 8-1-99 and the remaining $4.5 million by 8-1-2000. The appropriation will finance 9.1% of the budgeted operations and maintenance costs of the park system in C.Y. 1999. The actual operations and maintenance costs for the park system in 1998 was $46.875 million.

OTHER CONSIDERATIONS:

The impact of a reduced appropriation is that the lowest priority project(s) within the acquisition, redevelopment and development categories shown in the request will receive less (or no) funding. This will result in loss of service to park users, overuse of existing facilities which shortens their usable lifetime, higher construction costs in the future due to inflation for facilities that were not built, and higher costs for replacing over-used facilities that were worn out prematurely.

PREVIOUS PROJECT FUNDING:

From 1974 to 1999, the Metropolitan Council and regional park implementing agencies have received $191.7 million of State Bonds, Environmental Trust Funds and Minnesota Future Resources Funds for Metropolitan Regional Park System acquisition, redevelopment, and development projects. The most recent 1999 appropriation was $2.495 million of Environmental Trust Funds to the Metropolitan Council to finance projects in its regional parks capital improvement program. The Council also received $800 thousand to pass onto the Minneapolis Park and Recreation Board for several capital improvement projects in regional parks. These appropriations are in the 1999 Environment and Agriculture Budget Appropriation Bill (Laws of MN 1999, Chapter 231). In addition to the state revenues, the Metropolitan Council has issued or is committed to issue about $81.9 million of its own bonds and almost $39 million of interest earned on bonds to finance about 40% of the capital improvement costs from 1974 to 1999.

The following table illustrates state and Metropolitan Council funding for the program from 1994 to 1999 including appropriations to regional park agencies via the Department of Natural Resources.

Year	State Source	State Amount ($000's)	Metropolitan Council bonds ($000's)	Total State and Metropolitan Council appropriations ($000's)
1994	G.O. Bonds	13,100	9,767	22,867
1995	Env. Trust	5,711	2,251	7,962
1996	G.O. Bonds and MN Future Resources	11,350	7,181	18,531
1997	Env. Trust	6,900	2,333	9,233
1998	G.O. Bonds	19,400	6,000	25,400
1999	Env. Trust and MN Future Resources	3,295	550	3,845
Total		59,756	28,082	87,838

The 1994 state appropriation listed above includes $3.1 million of General Obligation Bonds for reconstruction of Coon Rapids Dam and $250 thousand in 1996 for repair of Lake Byllesby Dam under the DNR dam safety program. Matching Metropolitan Council bonds for these dam repair projects is also shown.

The 1998 state appropriation listed above includes $5 million for regional trail connections, $1.5 million for Harriet Island Regional Park Development and $3.9 million for Como Park Education Resource Center, phase 1. These funds were requested by Regional Park implementing agencies and are not matched with Metropolitan Council bonds, but the Council administers the state funds.

The 1999 state appropriation listed above includes $800 thousand to the Minneapolis Park & Recreation Board for projects that the Park Board requested. They are not matched with Metropolitan Council bonds, but the Council administers the state funds.

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House District	Key: A = land acquisition RD = park and trail redevelopment D = park and trail development RP = regional park PR = park reserve RT = regional trail Project Type and Priority/ Park Agency/ Park or Trail Name/ Project Description	FY 2000 State Bond Request $000's	Metropolitan Council bond match $000's	Total Project Grant $000's
57B	A1./ WASHINGTON COUNTY/ St. Croix Bluffs RP/ Partial reimbursement for early buy-out acquisition of the park before January 1, 1998. Early buy-out saved $895,153 of interest costs compared to acquiring the park over a 10-year lease-purchase period.	0	511	511
41A	A2./ CITY OF BLOOMINGTON/ Hyland-Bush-Anderson Lakes PR/ Final reimbursement on 2.32 acres acquired in 1997.	0	71	71
41A	A3./ CITY OF BLOOMINGTON/ Hyland-Bush-Anderson Lakes PR/ Partial reimbursement on .5 acre acquired in 1998.	0	140	140
35A	A4./ CARVER COUNTY/ Lake Waconia RP/ Partial reimbursement to purchase 30.2 acres of 72 acres acquired in June 1999 for park and right-of-way to relocate a portion of State Highway 5 to southern boundary of the park.	0	477	477
37A, 38A, 38B, 39A, 39B	A5./DAKOTA COUNTY/Big Rivers RT, Lake Byllesby RP, Lebanon Hills RP, Miesville Ravine PR, Mississippi River RT—South St. Paul segment, North Urban RT and Spring Lake PR/ Acquire some of the 1,216 acres of land within these park and trail boundaries from a prioritized list reviewed by the Metropolitan Parks and Open Space Commission, Metropolitan Council, LCMR.	403	0	403
	Land Acquisition Subtotals	403	1,199	1,602
	Percentage of Land Acquisition Funds to Total	19.2%		
59B, 62A	RD1./MPLS. PARK & REC. BOARD/ West River Parkway in Mississippi Gorge RP/Reimbursement for design/engineering match to a $1 million ISTEA grant for replacing 1,000 feet of river wall on the west bank of the river. Project begun in 1999 to capture the ISTEA grant.	0	180	180
62B, 63A	RD2./ MPLS. PARK & REC. BOARD/ Minnehaha Parkway RT/ Reimbursement for design/engineering work to match a $2.7 million ISTEA grant as well as $1,015,000 of local government funds to rebuild 5 miles of trail, trail bridges, signage, site furnishings plus shoreline restoration of Minnehaha Creek. Project begun in 1999 to capture the ISTEA grant.	0	350	350
66B	RD3./ CITY OF ST. PAUL/ Como Conservatory/ Design and engineering work to rebuild Fern House and associated growing house.	151	0	151
60A	RD4./ MPLS. PARK & REC. BOARD/ Minneapolis Chain of Lakes RP/ Partial funding to rebuild trails and shoreline rehabilitation of Lake of the Isles portion of the park.	531	0	531
49A, 50B	RD5./ ANOKA COUNTY/ Bunker Hills RP/ 2.5 miles of park road reconstruction, parking lot improvements, 1 mile of paved trail, trail bridge/tunnel at railroad crossing, lighting, electric utility relocation, signage and gates.	677	0	677
35B, 41B	RD6./SCOTT COUNTY/Cleary Lake RP/Partial finance redevelopment of 4 miles paved bike trail built in 1979 to a width of 10 feet to meet AASHTO guidelines.	179	0	179
	Park and Trail Redevelopment Subtotals	1,538	530	2,068
	Percentage of Park and Trail Redevelopment Funds to Total	24.8%		
	Continued on next page			

House District	Key: A = land acquisition RD = park and trail redevelopment D = park and trail development RP = regional park PR = park reserve RT = regional trail Project Type and Priority/ Park Agency/ Park or Trail Name/ Project Description	FY 2000 State Bond Request $000's	Metropolitan Council bond match $000's	Total Project Grant $000's
55A	D1./ RAMSEY COUNTY/ Bald Eagle-Otter Lake RP/ Reimbursement for a portion of boat access and beach/picnic area improvements partially funded in 1996. Plus construct a picnic shelter, restroom, play area and trails in the Bald Eagle segment of the park. Architectural design for a 1,800 square foot expansion to Tamarack Nature Center and prairie woodland and wetland restoration.	425	250	675
44B	D2./ HENNEPIN PARKS/ East corridor of the Southwest LRT Trail/ Reimbursement for trail constructed in fall 1998 and spring 1999.	0	700	700
33B, 45B	D3./ HENNEPIN PARKS/ North Hennepin RT/ Reimbursement with Metropolitan Council bonds for constructing the following trail segments in 1999; 1) Elm Creek PR to Fish Lake RP, 2) U.S. 169 to Theodore Writhe RP, and 3) Vicksburg Lane (Luce Line State Trail) to West Medicine Lake. State bonds for work in 2000 – 2001.	1,047	574	1621
50B	D4./ ANOKA COUNTY/ Central Anoka County RT/ Reimbursement for 2.5 miles of trail built in 1999 as match to City of Andover funds.	0	80	80
62A	D5./ MPLS. PARK & REC. BOARD/ East River Parkway in Mississippi Gorge RP/ Build .7 mile of trail and plant boulevard trees between trail and street.	130	0	130
38A	D6./ DAKOTA COUNTY/ Big Rivers RT/ Build .7 mile trail connection to I-494 and Hwy. 55 bridge trails.	401	0	401
65B	D7./ CITY OF ST. PAUL/ Mississippi River RT—Shepard Rd. Segment/ Match $2 million ISTEA grant to construct 1.8 mile of trail plus shoreline improvements.	1,000	0	1,000
53B	D8./ RAMSEY COUNTY/ Vadnais-Snail Lake RP/ Design/engineering work for small group picnic shelters, restrooms, utilities, parking lots, play area, landscaping, trail connections and signage in the Sucker Lake portion of the park.	56	0	56
	Park and Trail Development Subtotals	3,059	1,604	4,663
	Percentage of Park and Trail Redevelopment Funds to Total	56%		
	Total of Acquisition, Redevelopment and Development Requests	**5,000**	**3,333**	**8,333**
	Percentage of State Funds and Metropolitan Council bonds of Total Request	60%	40%	

Reductions in the appropriation will result in proportional reductions to each category of the request and cuts to the lowest priority project(s) in that category. The impact of a reduced appropriation is that the lowest priority project(s) in each category will receive less (or no) funding. This will result in loss of service to park users, over-use of existing facilities which shortens their usable lifetime, higher construction costs in the future due to inflation for facilities that weren't built and higher costs for replacing over-used facilities that were worn out prematurely.

Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
5. Construction Costs								
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	87,838	8,333	8,300	8,300	112,771	07/2000	06/2002
	GRAND TOTAL	$87,838	$8,333	$8,300	$8,300	$112,771		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	32,600	5,000	5,000	5,000	47,600
Env & Natural Resoures	11,565	0	0	0	11,565
Minnesota Resources	2,291	0	0	0	2,291
General	13,300	0	0	0	13,300
State Funds Subtotal	59,756	5,000	5,000	5,000	74,756
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	28,082	3,333	3,300	3,300	38,015
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**87,838**	**8,333**	**8,300**	**8,300**	**112,771**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
98' Chapter 404, Sec. 7, Subd's. 7 & 23	19,400
94' Chapter 643, Section 23, Subd's. 14 & 19	13,100
96' Chapter 463, Section 7, Subd's. 9, 10 & 15	10,500
95' Chapter 220, Section 19, Subd's. 4 (a), (f) & (k)	4,591
97' Chapter 216, Section 15, Subd's. 4 (b), 6 (g) & 19 (c)	4,000
99' Chapter 231, Sec 16, Subd's. 4 (l) & (n), 6 (h) & Sec. 17	3,295
97' Chapter 216, Section 5, Subd.9	2,900
95' Chapter 220, Section 20 (b)	1,120
96' Chapter 407, Section 8, Subd. 3 (a)	850
99' Chapter 240, Article 2, Section 6, Subd. 4 ($9 M to Bond Fund)	0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	5,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.

No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

While a grant program does not require predesign automatically, projects that the program might fund such as the Lake Como project would be advised to execute a predesign in anticipation of receiving grant funds from this appropriation.

Department of Finance Analysis:

This on-going program has historically received capital budget funding. Funding to Metro Parks is matched by the Metropolitan Council.

Governor's Recommendation:

The Governor recommends general obligation bonding of $5 million for this project, contingent upon local government funds of $3.333 million. Also included are budget planning estimates of $5 million in 2002 and $5 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	40
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	265

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2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 2 of 2 (Grant Programs)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

This request is for $1 million in bonding for matching grants to units of government for up to 50% of the costs of acquisition and betterment of public land and improvements needed for trails that connect communities, trails, parks, and thereby increase the effective length of trail experiences. However, on average the state's portion of the total cost for these types of projects amounts to just 23%. If land used for the trails is not in full public ownership, then the recipients must ensure that the trail development will be available for at least 20 years. Bond proceeds will only be used for publicly owned trail portions. Land acquired with these funds is perpetually dedicated for recreational trail purposes.

The Local Trail Connections grant program helps the department work with communities in providing outdoor recreational opportunities. This program promotes an integrated approach to managing resources by protecting linear corridors and fostering opportunities for trail linkages between state, regional, and local trail systems and their facilities. It addresses common resource objectives by expanding outdoor recreational opportunities and encouraging sustainable (non-automobile) travel alternatives. This partnership arrangement allows the state to contribute to the protection of significant outdoor recreational resources without incurring long-term operating, maintenance, and management costs.

This grant program depends on local communities and their local government representatives to provide inspiration, planning, and commitment, as well as the local matching requirement, to make the outdoor recreational trail projects a reality. The Department of Natural Resources (DNR) enters into a partnership with them by providing technical assistance in reviewing project plans as well as the important financial incentive. Local governments complete the acquisition or projects and are reimbursed for a portion of the acquisition or project actually completed.

Applications for grants through the Local Trail Connections grant program are due on February 28 of each year that funding is available. A second grant cycle will be completed in the year 2001.

Last year the DNR received 30 Local Trail Connections grant applications with requests close to $1.3 million. Project awards for this Local Trail Connections grant request of $1 million will benefit at least 20 communities (maximum grant of $50 thousand per project).

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This million dollar request for matching grants to local units of government will not require additional staff support to provide project evaluation and selection, environmental review, contract preparation and administration, project billings, and project monitoring. The local governments assume the responsibility for ongoing, long term operations and maintenance of the trail projects and must not convert the property to uses other than those for which the grant was provided.

OTHER CONSIDERATIONS:

The increased urbanization of the state has led to shortage of outdoor recreational opportunities through the rapid disappearance of natural and open space areas in growing communities throughout the state. This has resulted in a loss of natural areas to provide accessible public outdoor recreational opportunities at the local level. In addition, many communities have realized the benefits of a good locally based trail system and are interested in linking local trail projects with regional and state trails.

The Local Trail Connections grant program is a cost-effective tool that enables the state to work collaboratively with local governments to help address needs and provides increased public access to recreational trail opportunities at the local level.

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Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	13,384	4,300	4,300	4,300	26,284	07/2000	06/2002
GRAND TOTAL	$13,384	$4,300	$4,300	$4,300	$26,284		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,000	1,000	1,000	3,000
Minnesota Resources	2,084	0	0	0	2,084
General	1,000	0	0	0	1,000
State Funds Subtotal	3,084	1,000	1,000	1,000	6,084
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	6,800	2,200	2,200	2,200	13,400
Local Government Funds	3,500	1,100	1,100	1,100	6,800
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**13,384**	**4,300**	**4,300**	**4,300**	**26,284**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	120	120	120	120	120
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	120	120	120	120	120
Revenue Offsets	0	0	0	0	0
TOTAL	120	120	120	120	120
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
98' Chapter 404, Section 7, Subd. 26	1,000
93' Chapter 172, Article 1, Section 14, Subd. 10 (p)	800
99' Chapter 231, Section 16, Subd. 4 (a) (3)	554
95' Chapter 220, Section 19, Subd. 4 (e)	400
97' Chapter 216, Section 15, Subd. 4 (c) (3)	200
96' Chapter 407, Section 8, Subd. 3 (c)	130

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project connects local community trails to state trails and facilities. The grants are made on a competitive basis, with match requirements.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1 million for this project. Also included are budget planning estimates of $1 million in 2002 and $1 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	40
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	50
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	185

Office of Environmental Assistance

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Projects Summary

Project Title	2000 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 2000	Governor's Planning Estimate	
		2000	2002	2004	Total			2002	2004
Capital Assistance Program	1	$3,000	$5,000	$19,000	$27,000	425	$3,000	$3,000	$3,000
Total Project Requests		$3,000	$5,000	$19,000	$27,000		$3,000	$3,000	$3,000

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AGENCY MISSION STATEMENT:

The mission of the Office of Environmental Assistance (OEA) is to protect Minnesota's environment and assure a sustainable economy through waste prevention and resource conservation.

The Minnesota Waste Management Act (M.S. 115A) directs the OEA to provide technical and financial assistance to local governments, businesses, non-profit organizations, and citizens to assist them in preventing pollution and recovering resources from waste. The guiding principles of the OEA are to provide incentives, information, and leadership in changing behavior. In doing so, the OEA forms partnerships with others while recognizing the diversity of its customers' issues and needs.

The OEA's goal is to have all mixed municipal solid waste (MSW) sent to recovery facilities rather than landfills by 2008. Achieving this goal requires building new cost effective and environmentally sound waste processing facilities to recover materials and energy from waste. These systems are critical to sustainability, protection against financial liabilities, and wise future land use. History has shown that using land for disposal of waste has no long-term economic or social benefit to the communities hosting landfills.

In accordance with the Waste Management Act, the OEA's Solid Waste Processing Facilities Capital Assistance Program (CAP) awards grants to local governments to encourage the development of feasible and prudent alternatives to landfill disposal. The purpose of CAP is to foster the development of a sound, statewide, solid waste management system by involving the local decision-makers in the development of solid waste processing facilities.

TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES, OR CAPITAL PROGRAMS:

The purpose of the Waste Management Act is to protect the state's land, air, water and other natural resources and the public health by fostering an integrated waste management system that will manage solid waste in a manner appropriate to the characteristics of the waste stream. CAP is a competitive, 2-stage application process that allows the OEA to identify and assist projects that will be most beneficial in meeting Minnesota's solid waste management goals.

CAP (M.S. 115A.49 - 115A.541) is the primary financial assistance and incentive program administered by the OEA to assist local governments in financing the infrastructure necessary for an integrated solid waste system. The Waste Management Act's priorities for management of waste are outlined in M.S. 115A.02:

1. waste reduction and reuse;
2. waste recycling;
3. composting of yard waste and food waste;
4. resource recovery through MSW composting or incineration;
5. land disposal which produces no measurable methane gas or which involves the retrieval of methane gas as a fuel for the production of energy to be used on-site or for sale; and
6. land disposal which produces measurable methane and which does not involve the retrieval of methane gas as a fuel for the production of energy to be used on-site or for sale.

CAP provides financial assistance for local governments choosing to move away from reliance on landfills to the establishment of integrated waste management systems.

Under CAP, eligible applicants are Minnesota cities, counties, solid waste management districts, and sanitary districts. Eligible projects are solid waste processing facilities that include recycling facilities, waste-to-energy facilities, composting facilities, transfer stations serving waste processing facilities, and facilities that will process special waste streams such as household hazardous waste. Eligible projects also include projects to improve control of or reduce air emissions at existing resource recovery facilities, and projects to substantially reduce the amount or toxicity of waste processing residuals. CAP gives special consideration to areas where natural geologic and soil conditions are unsuitable for land disposal.

Depending on the project type, a single-county project may receive funding of 25% or 50% of the eligible capital cost, up to a maximum of $2 million. Multi-county cooperative projects can receive 25 or 50% of the eligible capital cost or up to $2 million times the number of participating counties, whichever is less. A new transfer station that serves an existing processing facility may be eligible for up to 75% funding of eligible capital costs.

The 3 major trends and policies affecting the demand for an integrated solid waste management system are the status of landfills, legal and financial risks, and short term economics/pricing.

1. **Landfills**: Of the 136 MSW landfills permitted in Minnesota since 1969, 24 continue to accept MSW. CAP has played a key role in Minnesota's shift from total reliance on landfills to resource recovery and processing. At the same time, much of the remaining landfill capacity in Minnesota has been consolidated by a handful of firms and integrated into collection and disposal businesses. These firms control landfills in neighboring states, transfer stations in Minnesota, and much of Minnesota's collection industry. Their policy has not moved away from landfills to resource recovery. This situation causes a growing part of Minnesota's waste to be landfilled in neighboring states.

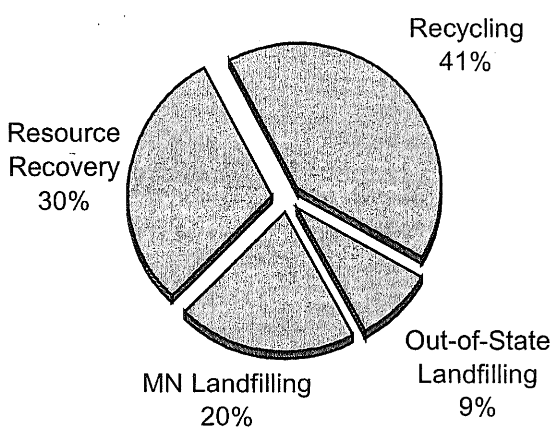
2. **Legal and Financial Risks:** Resource recovery projects throughout the nation and in Minnesota have been subject to substantial legal and financial risks due to waste flow control issues. Prior to 1994, it was assumed that waste flow could be controlled by local ordinances. These flow control/designation ordinances made up a key part of the environmental, financial, and technical foundation of resource recovery projects.

   In 1994, the Supreme Court found flow control/designation ordinances to be unconstitutional in some cases. This ruling has led to numerous lawsuits and the closure of several facilities, including one CAP-funded facility in Minnesota. Alternatives to flow control ordinances have been developed and some have withstood legal challenges from landfill advocates. The courts continue to define the boundaries of local government powers. However, the perception of risk remains high among local governments companies, and firms that own and operate resource recovery systems.

3. **Short Term Economics/Pricing:** The largest waste disposal companies have been advocates for land disposal and its current lower prices. The OEA has continued to emphasize the environmental benefits and long term economic benefits (true costs) of resource recovery. Since 1994, many recovery systems have moved toward relying on subsidies to compete with landfill prices. The development of new resource recovery systems is dependent on long-term economic and environmental analysis and policies prevailing over short-term pricing.

Minnesota Solid Waste Management 1997

MN Solid Waste Generated: 5 million tons

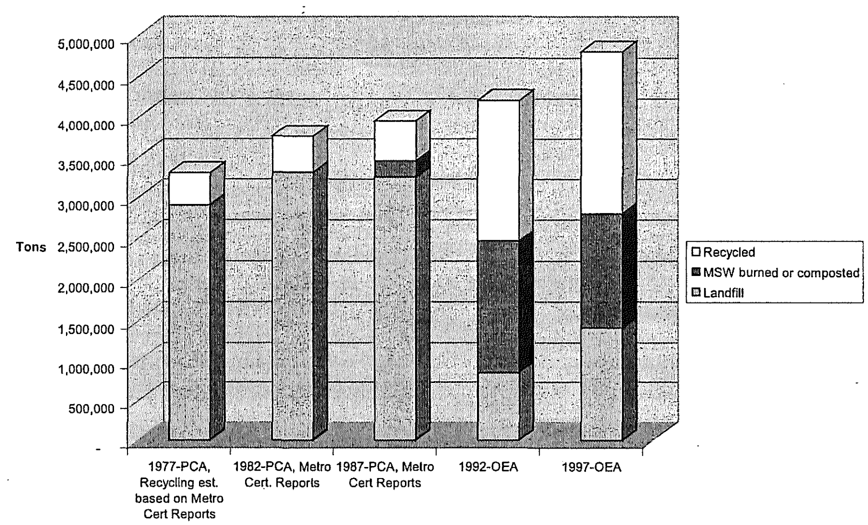


Minnesota generated more than 5 million tons of municipal solid waste in 1997. By 2020, some projections put Minnesota's waste generation at 15 million tons – a threefold increase. Currently, of the 5 million tons of municipal solid waste generated, 41% of Minnesota's waste was recycled; 30% was managed by resource recovery incineration and composting facilities; and 29% was landfilled. Out-of-state landfilling accounted for 9% of Minnesota's waste stream. This represents a 3% decrease in overall resource recovery since 1996, and a 3% increase in landfilling. The decrease in resource recovery is due in large part to economics. More than half (46) of Minnesota's 87 counties are either without access to a solid waste processing facility or are only partially served by a solid waste processing facility.

Minnesota counties have significant responsibility for waste management programs within their boundaries. Counties must ensure the development of waste management systems which are consistent with state policies. The counties can, and some do as a matter of preference or economics, choose to continue to landfill the waste that is not recycled.

Minnesota's goal to move away from reliance on landfills and to recover resources from solid waste is hampered by competing prices from cheap disposal. Implementing a sustainable integrated system needs sustained legislative support and financial assistance.

Municipal Solid Waste managed in Minnesota, 1977-1997



To date, more than half of the OEA's CAP funding has gone to "primary" processing facilities such as MSW composting and waste-to-energy facilities. These facilities typically serve a larger population and handle a large percentage of the waste stream. Because primary processing facilities have a higher initial capital cost, the OEA expects that the total capital outlay for these systems will continue to represent the largest component of the OEA's bonding needs.

PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY, AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS, OR ASSETS:

The state has provided approximately $45 million to help finance the construction and expansion of 61 projects - 23 recycling facilities, 9 transfer stations, 9 waste-to-energy facilities, 8 MSW compost facilities, 10 special waste stream facilities, and 2 yard waste compost facilities. A listing of all grant recipients is found at the end of the Strategic Planning Summary.

Minnesota is a leader in recovering resources from solid waste. Minnesota has more operating municipal solid waste-to-energy and compost facilities than any other state. These primary processing facilities are maximizing the recovery of resources from waste and minimizing the huge liabilities associated with landfill cleanups. Public willingness, local government commitment, and CAP funding have all contributed to a successful partnership involving the state in protecting the environment and public health and in recovering resources.

This state/local government partnership has resulted in the processing and/or recovery of more than 71% of Minnesota's waste. New projects and expansion of existing projects are necessary to ensure the capacity to process the remaining waste, and future increases in waste generation.

We are well on our way to achieving the goal of an integrated solid waste management system with minimum reliance of landfills. Minnesota counties need legislative support and financial assistance to maintain and to continue the development of an integrated waste management system where all of Minnesota has access to, and uses, a primary solid waste processing facility.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

Our goal is for Minnesota to have an integrated system in place within the next 8 years. Under the integrated system, all of Minnesota's solid waste will be processed before any landfilling. OEA supports and encourages the development of new processing capacity by private waste management firms. However, privately owned projects are not eligible for CAP grants.The purpose of CAP is to provide direction, encouragement, and financial incentives for local governments to develop integrated solid waste management systems.

Many counties have developed or contracted with waste processing facilities to recover resources. The OEA has assisted in this effort by providing technical assistance through planning and financial assistance through CAP. To further the goals of landfill abatement and resource recovery, the OEA promotes the following 3 recommendations:

1. **Waste Assurance:** The OEA will promote and support successful waste assurance models such as those developed by the Western Lake Superior District (WLSSD) and Olmsted County. Since this is a challenge to local units of government, the OEA will continue to provide assistance through the Attorney General's Office to evaluate and implement waste assurance mechanisms. Assuring a waste supply is key for project development and is necessary for long term utility of projects.

2. **State and Regional Planning:** The OEA will continue to assist local governments by providing statewide and regional strategies for establishing integrated waste management systems. OEA helps local governments perform needs assessment and cost analysis, identify and direct resources to appropriate waste management strategies that meet state goals, recommend approaches that reflect the differences among various areas of the state, identify regional partnerships that will meet state goals in a cost-effective manner, optimize the use of existing solid waste facilities, and develop new facilities through a deliberate and prudent planning process. Private ownership is an important objective of this planning process.

3. **Incentives for Regional Cooperation:** During the development of the county solid waste management plans, the OEA encourages the counties to think regionally and to develop working relationships with neighboring counties. OEA CAP gives funding preference and larger grants as incentives for the development of multi-county projects.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

In preparing this request of $3 million, the OEA relied on the solid waste management plans developed by the counties and preliminary grant requests received from eligible applicants. The OEA is basing its extended projection of need on the OEA's 1993 Preliminary Assessment of Regional Waste Management Capacity Report and continued updating of that report.

The Project Narrative shows the current listing of interested applicants. For F.Y. 2000, the number of eligible applicants and possible applications are limited to this list due to the 8-20-99 closing of the funding round for application submittals. The list does not represent projects to be funded. This list is merely the basis for the OEA's projection of funding needs.

For F.Y. 2002 and 2004, OEA projected the potential minimum need for new MSW processing capacity. Several new projects are needed to serve large areas of Greater Minnesota and the metro area. Private facilities were projected to be expanded to meet a portion of the metro area needs. Waste growth per capita was assumed to be flat.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1994-1999):

The state created the Demonstration Grant and Loan Program (DEMO) in 1980 to assess the need and interest of local governments in making the move to an integrated waste management system. Due to the overwhelming interest and effectiveness of grants, the DEMO Program evolved into an all-grants CAP program in 1985. From 1980 to present, the program has been appropriated $45.7 million. Currently, CAP has a zero balance.

Appropriations: (Dollars in Millions)	Expenditures: (Dollars in Millions)	
$ 8.8 (1980)	Appropriations:	$45.7
11.4 (1985)	Administration:	-1.4
4.0 (1987)	Grant Awards:	-44.3
7.0 (1990)	Available Balance:	$0
2.0 (1992)		
3.0 (1994)		
3.0 (1996		
3.5 (1998)		
3.0 (1999)		
$45.7 (total)		

In return for the $45.7 million invested by the state, the CAP grant recipients have invested local funds of more than $102.6 million in capital expenditures.

In comparison to the total expenditures of $45.7 million from 1980 - 1999, the last 6 years (1994-99) will account for almost $19 million in state assistance to local governments for the development of solid waste recovery facilities. The local governments, in turn, will have matched OEA funds with almost $24 million in the last 6 years. Of the 83 grants that have been awarded, 21 were awarded during the last 6 years.

CAP-funded projects have been extremely successful. Over 4.5 million tons of waste have been recovered by CAP-funded projects. All operations and maintenance costs have been financed locally. With a few notable exceptions, challenges such as waste assurance, regulatory compliance, and community acceptance have been overcome by the cities and counties that own the projects.

Currently, the Wright County and the East Central projects are temporarily shut down due to economic and legal challenges. The Winona County proposed waste-to-energy project was not built. Finally, the Western Lake Superior Sanitary District's project has closed.

The performance and continued operation of several projects, including 6 CAP-funded waste-to-energy plants, were strengthened by partial CAP funding of essential emission control systems required by the Federal Environmental Protection Agency (EPA) and the Minnesota Pollution Control Agency (MPCA). This upgrade will benefit the environment for many years to come.

OTHER (OPTIONAL):

SUMMARY OF CAP FUNDED PROJECTS

TOTAL PROGRAM COSTS:	**$146,952,650**
STATE SHARE:	**44,337,673**
LOCAL SHARE:	**$102,614,977**

AWARDS BY PROJECT TYPES

Project Type	Grants	Grant Amount	Total Costs
TEST	12	685,758	685,758
Recycling	25	9,771,818	23,262,753
W-to-E (rdf & incin)	14	19,802,143	69,048,300
MSW Compost	10	9,953,658	42,445,008
Transfer Station	9	881,809	3,884,984
Yard Waste	2	299,290	654,620
Special Waste	11	2,943,198	6,971,227
Total	83	44,337,674	146,962,650

1984-85

Recipient	Project	Grant Amt	Total Cost
Carlton County	Transfer Station	94,562	405,000
Cook County	MRF	62,755	125,510
Otter Tail/Becker	Transfer Station	85,842	350,000
Pope/Douglas	W-to-E (Incin.)	1,350,000	6,550,000
	subtotal	1,593,159	7,430,510

1986-87

Recipient	Project	Grant Amt	Total Cost
Beltrami County	Transfer Station	46,000	186,000
Dodge County	Transfer Station	48,975	215,000
City of Fergus Falls	W-to-E (Incin.)	862,500	4,355,000
Hubbard County	Transfer Station	86,825	347,300
Polk County	W-to-E (Incin.)	1,493,750	6,978,000
St. Louis County	Spec Wste (tires)	586,412	2,345,647

Dollars in Thousands ($137,500 = $138)

Stevens County	Transfer Station	53,984	215,934
Winona County	W-to-E (Incin.)	2,000,000	2,000,000
WLSSD	TEST (air/ash)	82,765	82,765
	subtotal	5,261,211	16,725,646

1988-89

Recipient	Project	Grant Amt	Total Cost
Aitkin County	MRF/HHW	109,625	220,000
Houston	MRF	130,000	260,000
City of Moorhead	Ydwste Compost	172,650	345,300
Mower County	MRF	415,589	1,066,377
Norman County	MRF	156,475	315,000
Olmsted County	TEST (air)	44,305	44,305
Olmsted County	TEST (ash)	53,984	53,984
Otter Tail County	MRF	288,000	644,000
Pennington County	TEST (air)	5,965	5,965
Polk County	TEST (air)	82,180	82,180
Polk County	TEST (ash)	50,893	50,893
Pope/Douglas	TEST (ash)	41,875	41,875
City of Red Wing	W-to-E (Incin.)	14,875	59,500
City of Red Wing	TEST (air)	64,815	64,815
City of Red Wing	TEST (ash)	35,179	35,179
St. Louis County	Transfer Stations	347,000	1,388,000
Swift County	Compost/MRF	711,000	1,422,000
Todd County	Transfer Station	72,187	341,750
	subtotal	2,796,596	6,441,123

1990-91

Recipient	Project	Grant Amt	Total Cost
Dodge County	MRF	274,649	707,618
East Central	MSW Compost/TS	2,000,000	13,440,000
City of Fergus Falls	TEST (air)	62,785	62,785
City of Fergus Falls	TEST (ash)	61,412	61,412
Fillmore	MSW Compost	186,722	734,300
Goodhue County	MRF	441,213	1,214,441
Hubbard County	MRF	302,053	643,037
Kandiyohi County	MRF/HHW	721,524	1,515,346
Lake County	MRF	117,060	234,120
Lake of the Woods	Test (compost)	99,600	99,600
North Mankato	MRF	181,050	465,150
Olmsted County	Ydwste Compost	126,640	309,320
Polk County	Transfer Station	46,434	436,000
Prairieland	MSW Compost	2,000,000	7,200,000
Rice County	MRF/HHW	720,131	1,451,262
Wright County	MSW Compost	2,000,000	13,200,000
	subtotal	9,341,273	41,774,391

1992-93

Recipient	Project	Grant Amt	Total Cost
Blue Earth	Spec Wste/HHW	189,905	451,310
Cass County	MRF/HHW	517,951	1,348,997
Clearwater County	MRF	121,110	242,220
Hennepin County	Spec Wste/HHW	341,100	682,200
Pennington County	MSW Compost	488,805	977,610
Redwood County	MRF	108,684	296,368
WLSSD	Spec Wste/HHW	328,931	691,370
	subtotal	2,096,486	4,690,075

1994-95

Recipient	Project	Grant Amt	Total Cost
Cook County	MRF	142,775	295,050
Koochiching County	MRF/HHW	545,690	1,598,770
Olmsted County	Spec. Wste/HHW	234,850	469,700
Otter Tail County	MRF/HHW	975,120	2,139,625
Polk County	MRF	675,000	1,400,000
Waseca County	MRF	103,731	207,462
	subtotal	2,677,166	6,110,607

1996-97

Recipient	Project	Grant Amt	Total Cost
City of Fergus Falls	W-to-E Retrofit	730,000	1,460,000
Olmsted County	W-to-E Retrofit	2,969,400	5,938,800
Polk County	W-to-E Retrofit	1,425,000	2,950,000
Pope/Douglas	W-to-E Retrofit	2,799,205	6,170,000
City of Red Wing	W-to-E Retrofit	1,175,000	2,420,000
St. Louis County	Spec. Wste/HHW	112,500	225,000
Scott County	Spec. Wste/HHW	275,000	562,000
	subtotal	9,486,105	19,725,800

1998-99

Recipient	Project	Grant Amt	Total Cost
Carver County	HHW	250,000	505,000
Chisago County	HHW	109,000	218,000
City of Hutchinson	Organic Compost	1,389,671	3,538,158
Prairieland	Odor/Residuals'	378,000	800,000
St. Louis County	MRF	1,162,710	2,583,800
Tri-County (BSS)	HHW	115,500	231,00
Mar-Kit	MSW Recycling	300,273	2,875,100
City of Perham	W-to-E Retrofit	3,000,000	6,167,000
		6,705,154	16,918,058

Dollars in Thousands ($137,500 = $138)

DEMO Grant and Loan Awards (1984-88)

Recipient	Project	Grant	Loan	Total Award	Total Cost
Ramsey	MRF	277,250	277,250	554,500	678,000
Pennington	W-to-E (rdf)	300,000	482,413	782,413	1,400,000
WLSSD	W-to-E	300,000	300,000	600,000	4,600,000
Olmsted	W-to-E (Incin)	300,000	300,000	600,000	18,000,000
Olmsted	MRF	300,000	344,150	644,150	735,500
Fillmore	Comp/MRF	351,720	48,240	399,960	733,440
St. Louis	Spec/Tires	290,000	110,000	400,000	590,000
Lake/Woods	Comp/MRF	199,750	199,750	399,500	399,500
	subtotal	2,318,720	2,061,803	4,380,523	27,136,440

GLOSSARY

HHW Household hazardous waste.

Incin Mass burn incinerator with energy or materials recovery.

MRF Materials recovery facilities (recycling center).

MSW Mixed solid waste.

Processing MSW recovery through W-to-E, composting, recycling, etc.

RDF Refuse-derived fuels.

TEST Grants to conduct environmental testing of emissions and ash at resource recovery facilities. This program was repealed.

Transfer Stations Intermediate waste transfer facilities that accept waste and transfer it to resource recovery projects.

Upfront MRF Recycling prior to processing

W-to-E Waste-to-energy projects.

Dollars in Thousands ($137,500 = $138)

2000 STATE APPROPRIATION REQUEST: $3,000

AGENCY PROJECT PRIORITY: 1 of 1

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION:

The purpose of this request is to provide $3 million in grants to local governments for constructing solid waste resource recovery facilities that reduce landfill disposal. State project assistance would be between 25% and 75% of total project costs. The local government would finance the balance of the total construction costs.

Since 1980, the Waste Management Act has advanced a policy of moving from disposal to prevention and recovery of resources through an integrated solid waste management system. Through CAP, the OEA has helped finance 58 solid waste facilities.

The OEA encourages applicants to request technical assistance from staff prior to submitting an application for funding. Technical assistance provided by the OEA includes public education, public presentations, research, legal, and financial guidance to address the institutional challenges associated with resource recovery.

Eligible recipients are limited to cities, counties, solid waste management districts, and sanitary districts. Projects eligible for CAP grants are solid waste processing facilities that include resource recovery. Examples of eligible projects include:

- Waste-to-energy facilities
- Recycling facilities
- Composting facilities
- Transfer stations that will serve waste processing facilities
- Facilities that will process special waste streams (i.e., HHW)
- Projects to improve control of or reduce air emissions
- Projects to substantially increase recovery of materials or energy, substantially reduce the amount or toxicity of waste processing residuals, or expand the capacity of an existing resource recovery facility in order to meet the needs of expanded regions.

Examples of eligible capital costs are:

- Final design, engineering and architectural plans
- Land
- Structures
- Waste processing equipment
- On-site roads, parking and landscaping
- Transfer station structures and transportation containers

The following list identifies potential project development and construction over the next 6 years. While the OEA bond request is $3 million for F.Y. 2000-01, actual grant requests received as of 8-20-99 is $7,339,000.

Interested Applicant	Proposed Project	CAP Costs	Applicant's Costs	Total Costs
2000-01				
Becker County	HHW	95,000	95,000	190,000
Dodge County	Compost	176,000	176,000	352,000
MarKit	MSW MRF	1,124,777	1,149,777	2,274,554
Murray County	MRF/HHW	180,000	180,000	360,000
Nobles County	HHW	300,000	305,000	605,000
Olmsted County	Upfront MRF	2,596,373	2,636,372	5,232,745
Pope/Douglas	Upfront MRF	2,264,000	2,283,000	4,547,000
WLSSD	Compost	246,750	309,250	556,000
Wilkin County	MRF/HHW	356,100	464,100	820,200
		$7,339,000	**$7,598,499**	**$14,937,499**
2002-03				
Fergus Falls	Upfront MRF	1,500,000	1,500,000	3,000,000
Quardarant	Upfront MRF	1,500,000	1,500,000	3,000,000
St. Louis	Processing	2,000,000	8,000,000	10,000,000
		$5,000,000	$11,000,000	$16,000,000
2004-05				
North East	Processing	7,000,000	23,000,000	30,000,000
Central	Processing	2,000,000	8,000,000	10,000,000
Metro	Processing	10,000,000	200,000 000	210,000,000
		$19,000,000	$231,000,000	$250,000,000

GLOSSARY

HHW Household hazardous waste.

Incin Mass burn incinerator with energy or materials recovery.

MRF Materials recovery facilities (recycling center).

MSW Mixed solid waste.

Processing MSW recovery through W-to-E, composting, recycling, etc.

RDF Refuse-derived fuels.

TEST Grants to conduct environmental testing of emissions and ash at resource recovery facilities. This program was repealed.

Transfer Stations Intermediate waste transfer facilities that accept waste and transfer it to resource recovery projects.

Upfront MRF Recycling prior to processing

W-to-E Waste-to-energy projects.

The purpose of the CAP is to provide direction, encouragement, and financial incentives to those striving to attain integrated solid waste management systems. The OEA's goal is for Minnesota to have an integrated system in place within the next 8 years. By employing various waste management methods, all of Minnesota's solid waste will be recovered or processed before any land filling. Integrated solid waste management systems are assets to Minnesota because these systems recover valuable resources, preserve land, and offer optimal management of environmental risks and potential liabilities.

The CAP serves to encourage local governments to accept the responsibilities, risks, and costs of managing solid waste. It is also an incentive to work together, thus, resulting in an integrated solid waste management system for Minnesota where all citizens will have access to a solid waste processing facility.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The continued funding of the CAP will have no impact on the OEA's operating costs.

OTHER CONSIDERATIONS:

Without the CAP offering of technical and financial assistance, many local governments would have less incentive to move forward in addressing solid waste management issues. For many local governments, developing an integrated solid waste management system is a complex, controversial, and expensive endeavor. The CAP is an incentive to local governments to develop an integrated solid waste management system and an opportunity for the state to be a partner with local governments in developing a statewide system. The OEA's administration of the CAP helps to develop projects that are technically, institutionally, and financially sound.

The OEA Solid Waste Policy Report is scheduled for submission to the Legislature in late 1999. It will propose that Minnesota set a goal for completing a statewide waste management system. The OEA has projected an increase in demand for CAP as the deadline for completing the system approaches. Projected needs for 2004 and 2006 are heavily dependent upon statewide policy, local government commitment to new projects, and waste management industry investment in new waste recovery capacity.

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Office of Environmental Assistance
Capital Assistance Program

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
5. Construction Costs								
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	148,315	6,200	16,000	316,000	486,515	07/0100	06/2006
	GRAND TOTAL	$148,315	$6,200	$16,000	$316,000	$486,515		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	45,700	3,000	5,000	19,000	72,700
State Funds Subtotal	45,700	3,000	5,000	19,000	72,700
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	102,615	3,200	11,000	297,000	413,815
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**148,315**	**6,200**	**16,000**	**316,000**	**486,515**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
Laws of 1999, Chapter	3,000
Laws of 1998, Chapter 404, Section 8	3,500
Laws of 1996, Chapter 463, Section 8.	3,000
Laws of 1994, Chapter 643, Section 24, Subd. 4	3,000
Laws of 1992, Chapter 558, Section 22	2,000
Laws of 1990, Chapter 610, Article 1, Section 23	7,000
Laws of 1987, Chapter 400, Section 6	4,000
Laws of 1985, Chapter 15, Section 6	11,400
Laws of 1980, Chapter 564, Article 12, Section 1, Subd.3(c)	8,800

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	3,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
Yes	MS 16A.695: Use Agreement Required (Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This request provides financial assistance to local government for building solid waste processing facilities that reduce landfill disposal. The goal of the program is to protect Minnesota's land, water, and air by completing the state's network of resource recovery plants. This goal is consistent with the agency's mission. Also, energy needs are met through waste-to-energy plants.

OEA conducts competitive grant funding rounds to ensure that assistance goes to high priority projects. State financial assistance is in the range of 25% to 75% of total project costs. The local government finances the balance of the project cost.

Without the program, local governments probably would develop the network of solid waste processing facilities at a slower rate and facilities might have smaller processing capacities.

Governor's Recommendation:

The Governor recommends general obligation bonding of $3 million for this project, contingent upon local government funds of $3.2 million. Also included are budget planning estimates of $3 million in 2002 and $3 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	50
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	425

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Dollars in Thousands ($137,500 = $138)

Project Title	2000 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 2000	Governor's Planning Estimate	
		2000	2002	2004	Total			2002	2004
MPFA State Matching Fund	1	$12,893	$16,258	$16,260	$45,411	504	$12,893	$16,258	$16,260
MPFA Wastewater Infrastructure Funding	2	8,017	30,000	30,000	68,017	386	0	0	0
Clean Water Partnership	3	2,000	3,000	3,000	8,000	190	2,000	2,000	2,000
Redevelopment Grant Program Funding	4	3,000	3,000	3,000	9,000	315	0	0	0
Total Project Requests		$25,910	$52,258	$52,260	$130,428		$14,893	$18,258	$18,260

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AGENCY MISSION STATEMENT:

To employ all of the available state government resources to facilitate an economic environment that produces net new job growth in excess of the national average and to increase nonresident tourism revenues (M.S. 116J.011).

Organization:

The department is organized under M.S. 116J into 3 operating divisions. The primary emphasis of the Business and Community Development Division (BCD) is to facilitate the growth of high quality jobs through a variety of programs that provide financing for vital infrastructure, training, technical services for businesses and communities. The Public Facilities Authority (PFA) is governed by a board composed of state agency/department commissioners representing the Minnesota Pollution Control Agency (MPCA), and the departments of Agriculture, Finance, Health (MDH), Transportation (MnDOT), and Trade and Economic Development (DTED). DTED's Commissioner, who serves as chair of the PFA, is responsible for the staffing and administration of the PFA. The Office of Community Finance administers the Redevelopment Grant Program and is also within BCD.

The Minnesota Trade Office works to promote, assist, and enhance exports and direct foreign investments that contribute to the growth of Minnesota's economy.

The Minnesota Office of Tourism markets Minnesota as a travel destination to tour operators, group tours and travel agents; promotes coverage of Minnesota in international and travel trade media; and initiates, develops, and coordinates activity with travel industry buyers and sellers in the United States and throughout the world.

Summary of Programs and Services:

In conjunction with MPCA, the PFA manages the very successful **Water Pollution Control Revolving Fund (or Clean Water SRF)** and the associated bond pool (M.S. 446A.12-446A.20), which provides low interest loans to municipalities for wastewater and storm water projects. **The Clean Water Partnership (CWP)** loan program administered by the MPCA provides low interest loans to local units of government to implement watershed projects. PFA manages the **Drinking Water Revolving Fund (DWRF or Drinking Water SRF)** in conjunction with the Minnesota Department of Health (MDH). The DWRF provides low interest loans to municipalities for drinking water projects. The PFA also administers **the Wastewater Infrastructure Fund Program (WIF),** which provides grant funding to communities that are unable to finance projects solely through loans from the Clean Water SRF program.

The Office of Community Finance manages the **Redevelopment Grant Program**. This program makes grants to local governments to recycle obsolete or abandoned properties for new industrial, commercial, and residential uses.

TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES, OR CAPITAL PROGRAMS:

The Clean Water SRF program is expected to receive federal funding through federal fiscal year (FFY) 2005. The MPCA estimates that projects needed to maintain and improve wastewater treatment throughout the state over the next 5 years will exceed $2.85 billion. These needs are being driven by 3 key factors: 1) increased population and economic growth statewide has placed many systems at their maximum capacity; 2) systems built with state and federal grants 20-25 years ago are reaching the end of their design lives and need major rehabilitation; and 3) more stringent state mandates on individual septic systems.

The WIF program provides grants to help small communities deal with their wastewater problems. Communities with a small number of users and high cost projects have limited resources to pay for the needed improvements. Unsewered communities and unsewered lakeshore areas with a mix of seasonal and year-round homes often have the added problem of needing to construct both collection systems and treatment facilities at the same time, resulting in extremely expensive projects on a per household basis.

The 1997 EPA Drinking Water Infrastructure Needs Survey identifies a total of $2.4 billion in public drinking water system improvement needs over the next 20 years, or $120 million in annual investment in current dollars.

Minnesota's economy is growing at record levels. There is great demand for land for business and residential development. Most low cost land exists on the urban fringe and rural areas and, as a consequence, development continues to move away from the urban core. As new jobs and capital investment move farther away from the center of our communities, the deterioration of the inner cities, inner-ring suburbs and the developed areas of our smaller communities accelerates. Yet many businesses, when given the choice, would prefer to remain or locate in the inner cities. Unfortunately, there is insufficient available land to accommodate new business development. In order for significant business development to occur in the urban core, previously developed land must be recycled and old infrastructure must be replaced.

The Redevelopment Grant Program is designed to financially assist communities and local development agencies with the acquisition, clearance and redevelopment of previously developed land. This financial assistance provides an incentive to businesses and housing developers to continue to reinvest in the developed areas of our state's communities. The program attempts to bring the cost of redeveloping land into parity with the cost of developing on the fringe.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The PFA remains committed to maintaining its excellent bond ratings and recognition in the marketplace thereby allowing it to borrow funds as cheaply as possible to finance water infrastructure. In addition, the PFA remains committed to managing the Fund to address current and future needs. Possible long-term solutions to the imbalance between demand and the lending capacity of the Fund could include: 1) increasing the amount of dollars deposited into the Funds; 2) reducing the interest rate subsidies, 3) scaling back on the number and dollar amount of projects financed with the SRF, and 4) reducing the amount of funding directed to the non-point source SRF programs.

DTED's capital budget plan, mission and strategic goals support the goals outlined in the BIG PLAN. The Redevelopment Program, which will be described in detail in the Project Narrative Section of this request, is strategically linked with DTED's elements of the BIG PLAN in a variety of ways. Under the goal of Healthy, Vital Communities, the BIG PLAN focuses attention on Growing Smart in Minnesota. "Smart growth" principles are, "a mindset about incentives, not mandates." The principles include, "...helping first those communities that are committed to sustaining existing development..." and, "fostering more reliance on transit..." DTED is identified as a Support agency for "Smart growth".

The Redevelopment Grant Program is designed to recycle previously developed land for new purposes by providing incentives to communities that are committed to sustaining existing development. In the metro area, Redevelopment applications are rated higher if they are located near mass transit.

Partnerships for Affordable Housing is also an element of Vital, Healthy Communities. The BIG PLAN states that, "Existing businesses may not reinvest in their current location if neighborhood instability or deteriorating housing undermines the appeal of the community for workers and customers." The Redevelopment Program addresses the physical aspects of neighborhood instability by providing a financial incentive to remove dilapidated and often abandoned structures and replace those structures with new business and residential development. Redevelopment Program investments have stimulated equal or greater private sector investments.

Again, under Vital, Healthy Communities, the BIG PLAN stresses the importance of Improving the Competitive Position of Rural Minnesota. The PLAN states that, "we need to make our rural communities centers of economic activity to provide employment opportunities to keep young people in their communities and to provide off-farm employment for families. "The Redevelopment Program has been popular with rural Minnesota communities because it has been used to both remove the physical blight which makes a community unattractive and because the subsequent redevelopment activities have created new employment opportunities.

Finally, The BIG PLAN identifies Minnesota: World Competitor as a goal. Under The Best Climate to Grow Business element, the PLAN states, "The best business we have is the business we have today. So we need to do everything we can to make sure healthy businesses stay in Minnesota - and expand in Minnesota. We need to encourage and facilitate linkages between community leadership, resources, and businesses. "The Redevelopment Program is designed to revitalize existing communities by providing appropriate sites for the business community to locate or expand. The Program requires a link between community leadership, state and local financial resources and businesses.

Consequently, DTED's long-range strategic goals are clearly articulated in the BIG PLAN. DTED concludes that the Redevelopment Grant Program is not simply consistent with the principles outlined in the PLAN, it is integral to DTED's ability to achieve the goals and initiatives that have been assigned to DTED by the BIG PLAN.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

In the area of Clean Water (state match to the SRF and WIF funding), the director sought and obtained input from the Pollution Control Agency. In the area of Drinking Water (state match to the SRF), input was sought and obtained from the Department of Health. The state match amounts requested were calculated using the authorized funding levels for the SRF programs through the year 2003 and the state's estimated share based on EPA's needs survey. The Capital Budget request was presented to the PFA Board at a publicly held meeting on 6-15-99.

The goals and principles articulated in the BIG PLAN clearly illustrated the need for DTED to request funds for the Redevelopment Program. DTED did not participate in the BIG PLAN development process with funding the Redevelopment Program as an intended outcome. Rather, the need for Redevelopment funds became an obvious outgrowth of the planning process itself.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1994-1999):

The PFA made its first Clean Water SRF loan in July 1989 and has been successful in demonstrating that the state can still continue an aggressive level of wastewater construction activity with nearly $700 million worth of loans made through F.Y. 1999. From F.Y. 1994 through F.Y. 1999, PFA has made $428.7 million in municipal wastewater loans for 208 projects.

The following table shows the number of projects and total wastewater loans made by leveraging the state match funds from FY 1999 for the Water Pollution Control Revolving fund.

State Fiscal Year	State Match ($in thousands)	Wastewater Loans ($in thousands)	Number of Projects
1994	$4,434	$42,718	28
1995	$3,126	$76,101	38
1996	$7,414	$42,172	22
1997	$2,833	$81,629	43
1998	$0	$96,328	43
1999	$9,900	$89,831	34

Since 1995, the non-point source SRF programs contributed to the abatement of non-point source pollution problems through implementation activities. The MPCA has awarded $16.3 million in non-point source loans to 40 local units of government for 22 CWP projects. The Department of Agriculture has made $40 million in loans through 352 loan commitments with local governments. DTED has made a total of $1.6 million in loans to 34 resorts and small unsewered communities.

The PFA made its first WIF grant in 1995. A total of $27.6 million has been awarded to 21 communities through F.Y. 1999.

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2000 STATE APPROPRIATION REQUEST: $12,893

AGENCY PROJECT PRIORITY: 1 of 4

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION: State Matching Funds for EPA Capitalization Grants

The Public Facilities Authority is seeking $12,893,000 to help communities contain the costs associated with drinking water and wastewater facility improvements. State funds draw EPA funds at the rate of 5:1 from the Water Pollution Control Revolving Fund (Clean Water SRF) and the Drinking Water Revolving Fund (Drinking Water SRF).

Since 1995, federal funds for the Water Pollution Control Revolving Fund have been used to provide funds for the nonpoint source pollution control programs, including the Department of Agriculture's Best Management Practices Loan Program, MPCA's Clean Water Partnership Loan Program, DTED's Tourism Septic System Loan Program and Small Cities Septic System Loan Program, as well as for financing municipal wastewater projects. The federal capitalization grants for Drinking Water will be used primarily for loans with a small amount being deposited in the debt service reserve fund to back the PFA's Revenue Bonds for drinking water projects. In both programs the state matching funds are used only for municipal/publicly owned improvements.

2000 Legislative Session Request: ($in thousands)

Fiscal Year	Proposed Federal Funding Level Clean Water	Proposed Federal Funding Level Drinking Water	Requested State Match for Clean Water	Requested State Match for Drinking Water	Total State Match Request
2000	$24,750	$15,897	$0	$685 (partial)*	$685
2001	$24,750	$15,897	$900 (partial)*	$3,179	$4,079
2002	$24,750	$15,897	$4,950	$3,179	$8,129
TOTAL	**$74,250**	**$47,691**	**$5,850**	**$7,043**	**$12,893**

State Match need and requested 2000-2002: $12.8 million

*State match funds appropriated during the 1999 Legislative Session included $2.2 million for the Drinking Water SRF. The $2.2 million plus a carryover of $294 thousand results in the need for partial match in 2000. The 1998 Legislative Session appropriated $9 million to the Agriculture Department for the Best Management Practices (BMP) program. This $9 million will be considered matching funds for the 2000 Clean Water SRF and for matching a portion of the 2001 Clean Water SRF.

Both the House and Senate have historically increased funding levels above the President's budget for both programs. The estimated federal appropriations shown in the table are based on OMB's interpretation of the balanced budget resolution.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

Drinking Water and Wastewater facilities are essential infrastructure for which communities can build a healthy, environmentally sound and competitive climate conducive to growth and expansion opportunities to develop quality jobs. The PFA recognizes the fact that environmental infrastructure must be built to address the expansion needs of businesses and communities throughout the state while preserving environmental quality.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTES):

PFA operates on federal administrative funds and special revenues generated from fees on loan payments and provides for costs incurred by DTED.

OTHER CONSIDERATIONS:

Low-cost financing under the PFA's water and wastewater loan programs is an important element in helping communities contain costs associated with providing these essential services and is an important component of the state's ability to remain economically competitive. Through F.Y. 1999 the PFA has made below market rate wastewater loans totaling almost $700 millions which will result in interest savings to local tax and rate payers of over $160 million when compared to market rate financing.

Every $1 of state match generates $5 of federal funds and, combined, have been leveraged more than 2 to 1 through the issuance of revenue bonds issued by the PFA. The interest rate savings from reduced debt service costs have saved local tax and rate payers more than $2 for every $1 the state pays in its debt service associated with these matching funds. It should be noted that municipal water and wastewater construction generates 4.6 cents in general fund revenues directly from the income tax, corporate income tax and sales tax for every dollar spent. This does not take into account local economic multipliers or recycling of the funds through the state's economy.

Clean Water SRF loans are the primary source of financial assistance for wastewater projects in the state. Historically, the Clean Water SRF has provided financing to all projects that apply. An average of $93 million in loans per year were made in F.Y. 1998 and F.Y. 1999 and the demand continues to grow. This exceeds the annual long term lending capacity of the Fund which is projected to be $53 million per year. At the projected funding levels, the Clean Water SRF will not be able to continue to meet the demand for loans in the future. The requested state match is the minimum amount needed to obtain the federal funds for the Clean Water SRF.

The PFA's Clean Water SRF has shown considerable financial strength to finance municipal storm water and wastewater projects. The AAA/AAA/Aaa ratings from Standard and Poors Rating Group, Fitch I.C.B.A., Inc. and Moody's Investor Services of the PFA's Water Pollution Control Revolving Fund Bond Pool reflects its financial strength, the credit quality of Minnesota communities and the financial management of the program.

Demand for the Clean Water SRF is outpacing the Fund's capacity to meet all funding requests due to 2 related factors. First, the demand for municipal wastewater continues to grow, driven by economic growth in the state, the need to replace aging facilities and more stringent regulation of individual septic systems. Second, there has been a large demand to address non-point source pollution problems in the state and to use the resources of the Clean Water SRF as a mechanism to finance non-point source programs. Since 1995 the PFA has provided over $51.8 million to fund pilot non-point source loan programs. Funding the non-point source programs has decreased the amount of Clean Water SRF funds for municipal wastewater projects. As a result of these factors, the annual lending capacity of the fund can no longer finance all municipal wastewater projects that are ready to proceed and may only fund one-third to one-half of the eligible projects by the time the 2001 Intended Use Plan is adopted.

From July 1998 to May 1999, PFA has financed 34 projects for a total of $49.1 million. In addition, PFA expects to finance an additional 43 projects for $38.1 million that are included on the 1999 Intended Use Plan and have submitted applications. By using its revenue bonding authority, the PFA will leverage future EPA funding and state matching funds to fund $20-25 million in drinking water projects annually. PFA will sell bonds for the first time for this program in July 1999. The initial bond pool ratings by Standard & Poors and Fitch I.B.C.A. and Moody's Investor Services are AAA, AAA and Aaa respectively.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		0	0	0	0	0		
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
5. Construction Costs								
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		0	0	0	0	0		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	1,075,019	274,187	277,552	277,554	1,904,312	07/2000	12/2006
	GRAND TOTAL	$1,075,019	$274,187	$277,552	$277,554	$1,904,312		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	54,000	12,893	16,258	16,260	99,411
General	13,444	0	0	0	13,444
Infrastructure Dev	15,600	0	0	0	15,600
State Funds Subtotal	83,044	12,893	16,258	16,260	128,455
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	357,750	81,294	81,294	81,294	601,632
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	634,225	180,000	180,000	180,000	1,174,225
TOTAL	**1,075,019**	**274,187**	**277,552**	**277,554**	**1,904,312**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation) FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	1.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
Minnesota Laws of 1999, Chapter 240, Section 06	2,200
Minnesota Laws of 1998, Chapter 404, Section 09	24,000
Minnesota Laws of 1997, Chapter 200, Section 02	4,444
Minnesota Laws of 1996, Chapter 463, Section 10	4,000
Minnesota Laws of 1994, Chapter 643, Section 25	13,400
Minnesota Laws of 1993, Chapter 373, Section 10	4,000
Minnesota Laws of 1992, Chapter 558, Section 15	7,500
Minnesota Laws of 1990, Chapter 610, Section 21	15,600
Minnesota Laws of 1989, Chapter 300, Section 18	4,700
Minnesota Laws of 1987, Chapter 400, Section 07	3,200

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	12,893	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

The requested state fund will leverage more than $60 million in federal funds. This program plays an important role in providing clean drinking water wastewater facilities in Minnesota, and operates efficiently and effectively with the Pollution Control Agency and Department of Health. The program has demonstrated superb financial management practices and retains the highest rating by private rating agencies.

Governor's Recommendation:

The Governor recommends general obligation bonding of $12.893 million for this project, contingent upon federal funds of $81.294 million. Also included are budget planning estimates of $16.26 million in 2002 and $16.26 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	94
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	504

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2000 STATE APPROPRIATION REQUEST: $8,017

AGENCY PROJECT PRIORITY: 2 of 4

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION: Wastewater Infrastructure Fund Program

Wastewater Infrastructure Fund monies are used to supplement loans from the Water Pollution Control Revolving Funds and to match grant assistance provided by USDA Rural Development for high cost per household projects. The first priority for the requested funds would be to match grants from Rural Development's F.Y. 2001 funds which would be committed starting in October 2000.

For USDA Rural Development Projects, the WIF program provides 50% of the grant eligible amount determined by Rural Development. Rural Development's grant calculations are determined by first looking at the amount of debt service and operation and maintenance costs a city can afford to pay based on a figure of 1.7% of its median household income, with the total grant then providing for 100% of construction costs above that level. Separate WIF grants to supplement Water Pollution Control Revolving Fund loans are also based on ability to pay, with the grant amount set at 80% of the construction costs above a level of $25 per month or 1.4% of annual median household income, whichever is greater, for debt service and operation and maintenance costs.

As of the end of F.Y. 1999, the PFA has awarded projects for $27.6 million. PFA expects to commit an additional $32.8 million by October 1999 for 20 projects with the estimated balance of $3.7 million targeted to the highest priority projects on the 2000 Intended Use Plan.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The economy can continue to expand and create quality jobs in Minnesota provided there is adequate environmental infrastructure capacity in place or ready to be built in order to address the needs of the people and businesses in the state. WIF funds are directed to the highest priority projects based on their environmental and public health needs as determined by the MPCA. The program gives small communities the opportunity to share in the benefits of a growing economy by addressing their wastewater problems while keeping costs affordable for their residents.

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTES):

The Authority is requesting general fund appropriations for the cost of the MPCA's administration of the WIF program. The amount requested for MPCA administration is 2% of the WIF request for the F.Y. 2000-2001. The MPCA provides substantial oversight, including technical and environmental review, prioritizing projects, and permitting.

OTHER CONSIDERATIONS:

The Wastewater Infrastructure Program (WIF) was designed to be a gap financing tool used in conjunction with the Water Pollution Control Revolving Fund and the USDA's Rural Development grant program for wastewater. Communities are required to seek grant assistance from other sources before becoming eligible for either WIF or the USDA Rural Development grant program. The unique state/federal partnership with Rural Development was designed to coordinate assistance to communities to keep the systems affordable as well as make it easier for many of the smaller communities to access funding. The cooperative relationship will continue to help communities afford needed wastewater services.

This program has generated a substantial interest in small rural communities and lakeshore areas currently using individual septic systems. To keep the housing stock marketable, this program is essential due to the high cost of providing sewer service in unsewered communities. Housing shortages are one of the primary barriers to additional economic growth throughout the state. To make these dollars stretch the furthest and to the most-needy communities, the PFA will be making a number of policy recommendations in its required WIF report.

The WIF program requires communities that receive WIF assistance to set aside a minimum of $.10 per 1000 gallons in a system replacement fund to reduce future reliance on the state for grants when the system needs major rehabilitation or replacement.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	43,566	24,034	62,000	62,000	191,600	07/2000	12/2006
GRAND TOTAL	$43,566	$24,034	$62,000	$62,000	$191,600		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	39,484	8,017	30,000	30,000	107,501
Infrastructure Dev	1,082	0	0	0	1,082
General	3,000	0	0	0	3,000
State Funds Subtotal	43,566	8,017	30,000	30,000	111,583
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	8,017	16,000	16,000	40,017
Local Government Funds	0	8,000	16,000	16,000	40,000
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**43,566**	**24,034**	**62,000**	**62,000**	**191,600**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	180	400	400	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	180	400	400	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	180	400	400	0
Change from Current FY 2000-01		180	400	400	0
Change in F.T.E. Personnel		1.7	3.7	3.7	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
Minnesota Laws of 1998, Chapter 404, Section 09	15,300
Minnesota Laws of 1997, Chapter 246, Section 5	7,000
Minnesota Laws of 1996, Chapter 463, Section 10	17,500
Minnesota Laws of 1990, Chapter 610, Section 22	701
Minnesota Laws of 1990, Chapter 610, Section 21	381
Minnesota Laws of 1989, Chapter 300, Section 17	390
Minnesota Laws of 1987, Chapter 400, Section 7	2,294

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	8,017	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This grant program is an important financing mechanism for local wastewater projects. However, the wastewater and drinking water revolving loan funds leverage significantly more dollars and are a higher priority than the grant program.

Governor's Recommendation:

The Governor does not recommend funds for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	66
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	386

2000 STATE APPROPRIATION REQUEST: $2,000

AGENCY PROJECT PRIORITY: 3 of 4

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION: Clean Water Partnership

The PFA is seeking $2 million for Clean Water Partnership (CWP) loans for the restoration of water resources These loans are available for implementing 'best management practices' and other activities that target the restoration of a water resource (i.e., lake, stream, or ground-water aquifers). CWP loans are available to local units of government sponsoring CWP projects.

A local unit of government can use the funds itself to implement best management practices or it can re-loan the funds to private parties for further activities to implement the practices. Implementation activities include upgrade or replacement of individual sewage treatment systems and agricultural practices including manure management. The agency is seeking $1 million each year for the SRF, for which the PFA has agreed to match for $2 million in annual funding.

Under the rules governing use of SRF loan funds, the money can only be used for implementation measures or on-the-ground activities. Funds cannot be used for planning, resource investigation or report writing. For example, money borrowed by Beltrami County for the Lake Bemidji Watershed Management Project is being used to rehabilitate wetlands, create sedimentation basins and set up computerized monitoring. All these improvements will help maintain the 536,000 visitor days of water-based recreation which brings as much as $6.3 million dollars to the area each year.

The MPCA has received a total of $19.3 million from the Public Facilities Authority for the CWP Loan Program. This includes $5 million in 1995, $7 million in 1996, and $4.3 million in 1997, all of this which has been awarded to projects. An additional $3 million was provided in 1999 and is in the process of being awarded to projects.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

Non-point source pollution is now the most significant type of water pollution and is becoming a major focus of Agency efforts. The Clean Water SRF is a very useful and important tool for addressing the many small non-point sources that contribute to this problem. The long-term goal of the CWP Loan program is to have $2 to 2.5 million revolving annually to address non-point sources of pollution.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTES):

The CWP Loan Program operates on administrative funds provided by the Minnesota State Legislature as part of the base funding for the Agency.

OTHER CONSIDERATIONS:

The CWP program offers low-interest loans to supplement CWP grants. During this past legislative session, an additional $2 million dollars in grant money per biennium was added to the base amount of this program. With the increase in grant funds available, the MPCA anticipates that there will be an increase in the number of projects applying for loan funds.

The USEPA has been encouraging the states to make SRF money available for non-point as well point source projects. Minnesota leads the nation in the amount and number of non-point source projects which use SRF loan money.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	2,000	3,000	3,000	8,000	07/2000	12/2006
GRAND TOTAL	$0	$2,000	$3,000	$3,000	$8,000		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	2,000	3,000	3,000	8,000
State Funds Subtotal	0	2,000	3,000	3,000	8,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**2,000**	**3,000**	**3,000**	**8,000**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	2,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

While this is not a new program, it is the first time funds have been specifically requested in the capital budget. Previously, it had been funded by the PFA granting part of their federal funding to the PCA.

Governor's Recommendation:

The Governor recommends general obligation bonding of $2 million for this project. Also included are budget planning estimates of $2 million in 2002 and $2 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	0
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	190

2000 STATE APPROPRIATION REQUEST: $3,000

AGENCY PROJECT PRIORITY: 4 of 4

PROJECT LOCATION:

PROJECT DESCRIPTION: Redevelopment Grant Program Funding

DTED is seeking $3 million to make grants for the redevelopment of obsolete or abandoned properties. The purpose of the program is to provide financial assistance to local governments and local development agencies to recycle obsolete or abandoned properties for new industrial, commercial and residential uses. The program can also be used to make public improvements on public land in support of private sector redevelopment projects. Eligible uses of Redevelopment Program funds include land acquisition, demolition, site clearance, site preparation and public infrastructure improvements. DTED must deliver the program on a competitive basis via semi-annual grant cycles.

The Redevelopment Grant Program was created in statute by the 1998 legislature at 116J.561 to 116J.567. The program received a general fund appropriation of $4 million for the second year of last biennium and a $3 million general fund appropriation in the first year of this biennium.

To date, DTED has completed 2 funding rounds and has recently begun a third round. For the 2 rounds completed to date, DTED received 49 applications requesting $16.3 million. DTED awarded 15 grants and easily used the original $4 million appropriation. DTED was able to award 15 grants because, in several instances, staff were able to negotiate grant awards that were significantly smaller than the original requests. On 10-1-99, DTED received 13 round 3 applications requesting $5 million.

The program is exemplified by a recent grant award in Duluth. Last December, DTED awarded $460 thousand to the city of Duluth for the creation of the Duluth Technology Village. The project involved the acquisition and demolition of several dilapidated downtown buildings, the installation of new infrastructure, the construction of the Technology Village building, and the rehabilitation of several adjacent structures. The DTED grant was used specifically for the acquisition of land and the development of a public parking ramp to support the private development activities. Both the land and the structure will remain in public ownership. This project supported several BIG PLAN principles including diversification of Greater Minnesota's economy, supporting technology-based development, supporting business activities that create high-paying jobs for our workforce, and supporting communities who are committed to sustaining existing development.

The program is also exemplified by the Main Street Village project in New Brighton, where $433 thousand in Redevelopment funds will be matched with local public and private funds to demolish 2 dilapidated commercial and four dilapidated residential buildings to make way for new commercial and residential development. This project also supports BIG PLAN principles including the creation of affordable housing, stimulating reinvestment in our neighborhoods and sustaining existing development.

While the New Brighton project is clearly ineligible for bond funds because the subsequent redevelopment will occur on private land, the 2 examples illustrate the need for both bond and general funds and they illustrate the broad applicability of this program.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The redevelopment of previously developed land is critical to maintaining healthy, vital communities as outlined in the Administration's BIG PLAN. The link between DTED's Mission, Strategic Plan and the Governor's is articulated throughout this request. Left to their own devices, business and housing developers will naturally select project sites that are available, accessible and relatively inexpensive. Because Redevelopment sites are located in the developed areas of our communities, the sites are accessible. However, because there is still obsolete or abandoned development on the site, and because the cost of removing the existing development is very high, the sites are neither available nor inexpensive. The Redevelopment Grant Program uses state funds to clear previous development, install updated infrastructure and stimulate private reinvestment in our existing neighborhoods and communities.

IMPACT ON AGENCY OPERATING BUDGETS:

DTED currently employs Redevelopment Program administrative staff. No new hires would be required. Existing staff would need to be retained to administer the program. All operation and maintenance activities will be conducted by the local communities.

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Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	15,000	15,000	9,000	9,000	48,000	07/2000	12/2006
GRAND TOTAL	$15,000	$15,000	$9,000	$9,000	$48,000		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	3,000	3,000	3,000	9,000
General	7,000	0	0	0	7,000
State Funds Subtotal	7,000	3,000	3,000	3,000	16,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	4,000	6,000	3,000	3,000	16,000
Private Funds	4,000	6,000	3,000	3,000	16,000
Other	0	0	0	0	0
TOTAL	**15,000**	**15,000**	**9,000**	**9,000**	**48,000**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
Laws of 1999 Chapter 223 Art 1 Sec 2 Sub 2	3,000
Laws of 1998 Chapter 404 Sec 23 Sb 2	4,000

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	3,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This program is an important component of economic development efforts in the Twin Cities and rural Minnesota.

Governor's Recommendation:

The Governor does not recommend funds for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	35
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	80
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	315

Dollars in Thousands ($137,500 = $138)

Project Title	2000 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 2000	Governor's Planning Estimate	
		2000	2002	2004	Total			2002	2004
Conservation Easement Programs	1	$58,100	$25,700	$43,890	$127,690	405	$35,575	$50,634	$10,000
Local Gov't Roads Wetland Banking	2	1,000	4,800	4,900	10,700	275	0	0	0
Total Project Requests		$59,100	$30,500	$48,790	$138,390		$35,575	$50,634	$10,000

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AGENCY MISSION STATEMENT:

The Board of Water and Soil Resources (BWSR) provides leadership to enable local governments to properly manage water and soil resources and to help all citizens be stewards of our irreplaceable natural resources.

To accomplish its mission, the BWSR:

- acquires or supports the acquisition of easements to restore and/or protect critical lands;
- administers grant programs to provide funding to local governments for water and soil resource management;
- promotes water and soil resource partnerships among state, local, and federal governments and private organizations;
- conducts technical training sessions and provides individual assistance to local units of government; and
- coordinates state government water and soil resource activities with local governments.

TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES, OR CAPITAL PROGRAMS:

The following trends and issues are shaping the development of programs at the BWSR:

- **Non-point source strategy moves to implementation phase**. The strategy for non-point source pollution has moved to the implementation phase. The BWSR's local government network has increased in importance as a means of disseminating financial and technical aid to local governments. The BWSR has the structure and the relationships needed, through local water planning, to address non-point concerns at the local level.
- **Federal actions increase pressure.** Federal actions over the past several years have tended to increase pressure on the BWSR and local governments. Federal Conservation Reserve Enhancement Program (CREP) is making $163 million available; however this money must be matched with state money. Decreased United States Department of Agriculture (USDA) staffing for the Natural Resources Conservation Service (NRCS) has elevated pressure on local and state governments to provide the technical assistance necessary to design and install conservation practices.
- **Increased acknowledgement of and reliance on the role and capabilities of local government**. Partnerships – particularly between state, local and federal government – are an effective way to accomplish resource protection goals. Over the past several years, state government agencies have grown increasingly dependent on local government to carry out state initiatives. Cooperative resource management is one way to maintain or increase results without increasing funding. State agencies acknowledge that local government officials and staff have advantages that the state does not: knowledge of local resources and attitudes, personal friendships, and an awareness of local needs and priorities. With these increased expectations and the BWSR assistance, some local government capabilities in resource management have grown significantly over the past few years. Local governments now need a wider variety of training and assistance, from the most basic level to advanced, in areas such as technical skills, leadership, and management.
- **Increased natural resource awareness/willingness among the general public, including landowners.** More Minnesotans are becoming concerned about our environment, particularly water quality; many people have noticed deteriorating conditions in their favorite lakes or fishing streams. With approximately one-third of Minnesota adults either owning a cabin or having a family cabin, people are more willing to make reasonable sacrifices to protect and improve water quality. In addition, people are more aware of the need to protect marginal lands, especially those close to critical water resources. The agricultural community has accepted the need to remove marginal agricultural lands from production in order to improve overall production.

PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY, AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS, OR ASSETS:

The following information outlines the condition of Minnesota's 23 million acres of cropland and the related conservation needs.

Total Minnesota Cropland: 23 Million Acres

Soil Conservation Needs:

10 Million Acres:
- Adequately protected from erosion
- Annual erosion is less than the tolerable rate of soil loss
- Need to maintain good management practices

8 Million Acres:
- Eroding at one to two times the tolerable rate of soil loss

- Technical assistance to landowners to implement good management practices to protect soil is key

2.5 Million Acres:
- Eroding at greater than twice the tolerable rate of soil loss.
- Productive land only if protected with conservation practices
- Targeted cost-share programs for structural conservation practices

2.5 Million Acres:
- Marginal land conservation
- Highly erodible and floodplains
- Should not be farmed
- Target with land retirement programs

Funding for BWSR easement programs will be used on portions of this land.

Degrading water quality and diminished fish and wildlife habitats are found throughout all regions of Minnesota. A case in point is the Minnesota River basin. The Minnesota River has suffered serious degradation of water quality from both agricultural and urban development activities in its watershed. Approximately 92% of the basin's 17 thousand square mile area is in agricultural use. Intense land use has made the river one of the country's most polluted and the single largest source of phosphorus and sediment to the Mississippi River.

In the 1970s and 1980s the State of Wisconsin filed lawsuits against the State of Minnesota for exceeding federal water quality standards along the stretch of the Mississippi River shared by the two states. The litigation contended that the major wastewater treatment plants which treat the sewage of the Minneapolis-St. Paul metro area were discharging an inappropriate level of pollutants. In 1986 the State of Minnesota signed an agreement with the United States Environmental Protection Agency (USEPA) that, as part of the re-permitting of the major wastewater treatment plants which serve the Twin Cities Metro area, the state agreed to achieve major reductions in pollutants entering the Mississippi River from the Minnesota River.

To rely on wastewater treatment plan upgrades alone to accomplish water quality goals would require huge investments with decreasing returns on investment. It was decided that pollution from non-point sources in the Minnesota River watershed could be reduced more economically than relying on wastewater treatment plant upgrades alone. Thus, in 1992 the state adopted a goal to clean up the Minnesota River to fishable and swimmable status within 10 years.

The Minnesota River Citizen's Advisory Committee issued a report in 1994 titled - "Working Together: A Plan to Restore the Minnesota River". The first two recommendations in their 11-point action plan are to 1) restore floodplain and riparian areas, and 2) restore wetlands. This report also cites the RIM Reserve program as an important vehicle to help accomplish these 2 recommendations. The primary component of the strategy to achieve this goal was for the state to acquire, in concert with local and federal initiatives, 200 thousand acres of the floodplain of the Minnesota River proper plus riparian, the land close to the water lands along its major tributaries.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The BWSR Strategic Plan identifies voluntary resource management strategies and related goals. The resource management strategies specified are acquisition, education, incentives and regulation. The plan also identifies goals that focus on assisting local governments and landowners in controlling natural resource management problems.

Agency goals and objectives that are achieved through capital projects include:

- protecting or retiring marginal agricultural and highly sensitive lands;
- targeting limited resources to the highest priority marginal and sensitive lands;
- permitting land managers to focus their stewardship efforts on more productive lands;
- creating natural retention systems to improve surface water runoff and enhance groundwater recharge;
- working towards a net gain of wetland resources;
- installing best management practices on Minnesota lands;

The programs outlined in the capital budget request use incentive strategies as tools available to local government to enhance local program delivery. Incentives provide opportunities to encourage beneficial land and water use practices. They encompass both urban and rural values, and promote both loan and grant programs.

Conservation Easement Programs: As part of the state's efforts to protect marginal land and improve water quality, the BWSR administers (or cooperates) in the administration of various conservation easement programs. All of these programs acquire or support the acquisition of easements to restore or protect critical lands. Regardless of the funding source and targeted areas, the programs are similar in their purposes. In order to understand and place in context the other BWSR conservation easement programs, background on the federal Conservation Reserve Program (CRP) is needed.

Dollars in Thousands ($137,500 = $138)

Established in 1985 by the federal government, the CRP encourages farmers to voluntarily plant grass and trees on land that needs protection from erosion, to act as windbreaks, or in places where vegetation can improve water quality or proved food and habitat for wildlife. The program is administered by the U.S. Department of Agriculture's Commodity Credit Corporation (CCC) through the Farm Service Agency (FSA). The BWSR works with federal CRP administrators to insure CRP and state-funded easement programs are coordinated. The farmers must enter into contracts with the CCC lasting between 10 and 15 years. In return, they receive annual rental payments, incentive payments for certain activities, and cost-share assistance to establish the protective vegetation.

Recently, the U.S. Congress provided additional funding to enhance the CRP efforts. In 1996, the federal farm program offered a Conservation Reserve Enhancement Program (CREP) option for states to provide for long-term retirement of flood prone cropland. Minnesota applied for and was awarded funding from the federal government for a CREP initiative in the Minnesota River, which would retire up to 100,000 acres of flood prone agricultural land in the basin. These funds are all authorized and appropriated.

The state established the Reinvest In Minnesota Reserve Program in 1986. Since 1986, the state-funded easement programs have secured 82 thousand environmentally sensitive acres throughout the state. The Conservation Easement programs include:

***RIM Reserve Match to the Minnesota River Basin Project under Conservation Reserve Enhancement Program* (CREP)**
The purpose of this program is to retire marginal, flood prone cropland along the Minnesota River and its tributaries and to reduce phosphorus and sediment pollution in the river. The federal program limits the geographic focus to the Minnesota River Basin.

This request provides the state match needed to earn the federal funds already appropriated. The state will leverage $2.3 federal dollars for each state easement dollar spent.

RIM Reserve: Wetland Reserve Partnership (WRP) Leverage Funding
This program restores previously drained wetlands and protects them from future drainage with a perpetual easement. The combination of a 30-year NRCS WRP easement and a RIM Reserve Perpetual easement streamlines the easement process for both local units of government and landowners. The requested funding provides the state match. The geographic focus of this program is the Prairie Pothole Region.

RIM Reserve (non-CREP) and Permanent Wetland Preserves (PWP)
The purpose of RIM Reserve (non-CREP) is to keep marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat. The purpose of PWP is to protect existing wetlands from conversion to other uses by offering financial compensation to landowners in return for a perpetual easement on projects that cannot be funded with federal funds. The geographic focus is statewide.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUEST:

In determining the amount of this request, acreage and application estimates were compiled based on historical program demands. Assumptions were made that the Federal CREP would be fully funded. All estimates considered the amount of eligible land for the program and estimated landowner interest based on past history.

Internal agency estimates were used to arrive at the amount requested for the PWP program. All requests are a reflection of demands for service or assistance of local government and citizens.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1992-1998):

Conservation Easement Programs Appropriations

F.Y. 1992	$1.25 million
F.Y. 1993	$1.323 million
F.Y. 1994	$9 million
F.Y. 1996	$11.5 million
F.Y. 1998	$15 million

Local Government Roads Wetland Banking Appropriations

F.Y. 1996	$3,000,000
F.Y. 1998	$2,750,000

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Dollars in Thousands ($137,500 = $138)

2000 STATE APPROPRIATION REQUEST: $58,100

AGENCY PROJECT PRIORITY: 1 of 2

PROJECT LOCATION: Statewide - Multiple locations

PROJECT DESCRIPTION: Conservation Easement Programs

The Board of Water and Soil Resources (BWSR) is requesting $58.7 million to purchase conservation easements on private land. The BWSR's Reinvest in Minnesota (RIM) conservation reserve programs are important components of the state's efforts to improve water quality by reducing soil erosion and improving wildlife habitat on private lands. RIM is the state's umbrella program for obtaining easements. It is coordinated with the federal conservation easements programs, and implemented through local soil and water conservation districts (SWCD's).

The largest portion of this request, $45 million, is to partially implement a historic Conservation Reserve Enhancement Program (CREP) agreement between the state and the U.S. Department of Agriculture. This agreement guarantees $163 million in federal funds for CREP easements on 100,000 acres of flood prone cropland in the Minnesota River watershed. This funding is only available until 9-30-2002, meaning that the BWSR must have completed the agreement phase for all 100,000 acres by 7-1-2002 in order to leave time for the USDA to accomplish their work.

The state has already appropriated $10 million, leaving a balance of $60 million to fully leverage available federal funds. The $45 million in this request would leave a balance of $15 million in additional state funds needed in the 2002 bonding bill to fully leverage federal funds. The BWSR is working to extend the availability of the federal funds but Congress must open the federal "farm bill" to accomplish an extension - something not scheduled until 2002.

This request is composed of the following components:

▪ Conservation Reserve Enhancement Program (CREP):	$45.0 million
▪ RIM Reserve/Wetland Reserve Partnership (WRP):	$1.1 million
▪ Statewide RIM Reserve/Permanent Wetland Preserves (PWP):	$4.4 million
▪ Implementation Funding ($7.3 million CREP, $900 RIM)	$8.2 million

The RIM Reserve program was established in 1986 "to keep certain marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat." Funds will be used to acquire conservation easements from landowners, for the purpose of restoring wetlands and establishing permanent vegetative cover. Priority lands for easement acquisition include riparian lands, drained restorable wetlands, sensitive groundwater areas, and marginal agricultural croplands.

RIM Reserve promotes the retirement of marginal lands by paying landowners to stop cropping and grazing, and to plant native grasses, trees, and shrubs instead. This reduces runoff, erosion, and sedimentation, and benefits land, water, fish, and wildlife. Specific benefits to the public include:

- Improves surface water quality by reducing sediment and nutrient loads associated with erosion.
- Prevents contamination of groundwater aquifers by retiring cropland near wellheads and sinkholes.
- Enhances fish and wildlife habitat by establishing permanent vegetative cover.

The process of acquiring an easement involves three distinct stages, application, agreement, and easement. SWCD's determine landowner eligibility, finalize the application, and prioritize in local screening committees. The BWSR selects applications based on state resource protection priorities. The agreement stage entails the most work, as the SWCD works to clear physical conditions or encumbrances from the land, and work with the landowners to develop the conservation plan that will be applied on the easement. The BWSR develops the legal document that spells out payment amounts, acreage, legal description, and responsibilities regarding the easement. During the easement stage, SWCD's work with the landowner to update the abstract and obtain title insurance. The easement is then developed by the BWSR, executed and recorded. BWSR payment to the landowner is then authorized.

Conservation Reserve Enhancement Program (CREP)

In 1985 Congress established a similar program called Conservation Reserve Program. The CRP encourages farmers to plant grasses and trees on land subject to erosion, or where vegetation can improve water quality or provide food and habitat for wildlife. Farmers enter contracts lasting 10 to 15 years. In return, they receive annual rent payments, incentives for certain activities, and cost-share assistance with the planting.

In 1996, Congress provided additional funding to enhance the CRP by funding the Conservation Reserve Enhancement Program (CREP), which provides for long-term retirement of flood prone cropland. Minnesota received enough funding to retire up to 100,000 acres of marginal land in the Minnesota River basin. These funds have been authorized and appropriated.

The focal point of BWSR's capital budget request is the CREP partnership in the Minnesota River Basin. We are currently operating under an agreement with the United States Department of Agriculture (USDA) that creates a partnership between BWSR programs and CREP. This enables the BWSR to leverage an extraordinary amount of federal money in support of Minnesota's long-term goal of cleaning up the Minnesota River. Leveraging the federal funds triples the buying power of conservation easement appropriations.

Dollars in Thousands ($137,500 = $138)

Capitalizing on the CREP initiative will accelerate Minnesota's effort to achieve the water quality goals agreed to in the Wisconsin lawsuit, which in turn will provide for continued EPA permitting of metro area wastewater treatment plants.

In addition to the environmental benefits, the increased payments to landowners in the Minnesota River Basin will provide welcome relief during a period of extreme hardship for the farm economy.

With funds from the 1998 bonding bill, approximately 15,000 acres have been enrolled in the Minnesota River CREP. Under this joint program, landowners enroll eligible land in a 15-year federal contract, followed by a permanent RIM easement. By paying for the first 15 years, federal funds reduce the state's cost for a permanent easement by 50%.

CREP will promote community sustainability by providing landowners with an alternative to trying to earn a profit on low-lying marginal lands. The economic enhancement is more efficient farming of profitable lands, and additional federal funds at a time when the farm economy is stressed. The "greenways" established by these permanent easements will connect rural and urban areas across the Minnesota landscape. It is a durable legacy of unprecedented value that is available for a limited time.

RIM Reserve/Wetland Reserve Program (WRP)
A second partnership exists between the Natural Resources Conservation Service (NRCS) and the RIM Reserve program. This one splits the cost of wetland restoration easements between RIM Reserve and the NRCS Wetland Reserve Program (WRP). This statewide agreement expires on 12-31-2003. Under this program, landowners sell a 30-year WRP easement and a permanent RIM easement at the same time. Approximately 5 thousand acres are enrolled under this program. Like CREP, this partnership reduces the state's easement costs by 50%. The request of $1.1 million will restore 2,396 acres of wetlands over the next 2 years.

Statewide RIM Reserve/Permanent Wetland Preserve Program PWP
In order to provide a balanced approach to the protection of marginal land, the BWSR is also requesting $4.4 million for the (non-CREP) RIM Reserve program. These funds will be used to acquire perpetual easements on marginal agricultural land.

This funding could also be used for the Permanent Wetland Preserve program. PWP acquires perpetual easements on existing type 1 (seasonally flooded basin or flat), type 2 (inland wet meadow), type 3 (cattail), and type 6 (shrub), wetlands and adjacent lands. No federal money is available for this program. The PWP program and the Wetland Conservation Act (WCA) were both passed in 1991 to protect the state's remaining wetlands. PWP discourages the conversion of wetlands exempt under WCA by providing landowners with a financial incentive to retain them. Under these 2 programs, the BWSR expects to put another 4,380 acres of marginal cropland under easement.

Anticipated Outcomes

Enrollment targets for all programs over the 2000-01 biennium are 29,800 acres. Goals and funding costs are summarized below:

Acreage Enrollment Goals:

	RIM/CREP	RIM/WRP	RIM & PWP
To Date	14,000	6,100	61,200
F.Y. 2000-2001	65,000	2,396	4,380
F.Y. 2002-2003	22,000	8,004	5,000
F.Y. 2004-2005	0	0	40,000

State Funds Required to Enroll Goal Acreage:
$1.0 = 1 million

	RIM/CREP	RIM/WRP	RIM & PWP	Admin.	Total
To Date	$10.2	$2.8	$72.3		$85.3
F.Y. 2000-2001					
RIM/CREP	$45.0	0	0	$7.3	$52.3
RIM Reserve	0	$1.1	$4.4	$0.3	$5.8
F.Y. 2002-2003	$15.0	$3.6	$5.0	$2.1	$25.7
F.Y. 2004-2005	0	0	$40.0	$3.9	$43.9

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTES):

The BWSR received a General Fund appropriation from the 1999 Legislature of $1.203 million for F.Y. 2000, and $450 thousand for F.Y. 2001 for implementation of easement and grant programs. This is in addition to the $805 thousand in our base General Fund-operating budget. The CREP and WRP partnerships double the number of easement applications the BWSR must process, but neither of these partnerships provides any federal funding for program implementation at either the state or local level.

The BWSR has adequate funding to implement the conservation easement programs in F.Y. 2000. Accelerating the RIM program to the $58.7 million level includes administrative funding of $8.2 million from this appropriation. Of this amount $4.9 million will go to SWCD's for their implementation costs. The balance of $3.3 million will pay for the BWSR costs to implement the conservation easement program. The BWSR did not receive adequate funding for implementation of the conservation easement programs in FY 2001.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2000	06/2005
Land, Land and Easements, Options	$104,620	$156,200	$65,300	$40,000	$366,120		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	104,620	156,200	65,300	40,000	366,120		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/2000	06/2005
State Staff Project Management	5,100	4,040	1,850	2,560	13,550		
Construction Management	0	0	0	0	0		
SUBTOTAL	5,100	4,040	1,850	2,560	13,550		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	7,650	6,070	2,760	3,840	20,320	07/2000	06/2005
GRAND TOTAL	$117,370	$166,310	$69,910	$46,400	$399,990		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	57,320	50,500	23,600	40,000	171,420
General Fund Projects	15,000	7,600	2,100	3,890	28,590
State Funds Subtotal	72,320	58,100	25,700	43,890	200,010
Agency Operating Budget Funds	12,750	2,510	2,510	2,510	20,280
Federal Funds	31,700	105,700	41,700	0	179,100
Local Government Funds	0	0	0	0	0
Private Funds	600	0	0	0	600
Other	0	0	0	0	0
TOTAL	**117,370**	**166,310**	**69,910**	**46,400**	**399,990**

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	50,500	100.0%
User Financing	0	0.0%

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	160	4,040	1,850	2,560	2,560
Other Program Related Expenses	2,350	6,070	2,760	3,840	3,840
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	2,510	10,110	4,610	6,400	6,400
Revenue Offsets	0	0	0	0	0
TOTAL	2,510	10,110	4,610	6,400	6,400
Change from Current FY 2000-01		7,600	2,100	3,890	3,890
Change in F.T.E. Personnel		19.0	3.0	7.0	7.0

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
ML 1998, Chap. 404, Sec. 10, Subd. 2	15,000
ML 1996, Chap. 463, Sec. 11, Subd. 3	11,500
ML 1994, Chap. 643, Sec. 26, Subd. 3	9,000
ML 1993, Chap. 172, Sec. 14, Subd. 3 (e)	823
ML 1993, Chap. 373, Sec. 13, Subd. 1	500
ML 1992, Chap. 558, Sec. 19	1,250
ML 1991 Chap. 354, Art. 11, Sec. 1, Subd. 1(b)	7,000
ML 1991 Chap. 354, Art. 11, Sec. 1, Subd. 1 (a)	5,000
ML 1991, Chap. 254, Art. 1, Sec. 17 (a)	1,900
ML 1991, Chap. 254, Sec. 14, Subd. 6(d)	600
ML 1991, Chap. 254, Sec. 14, Subd. 9 (h)	400
Other Citations (5 defined)	19,347

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

Department of Finance Analysis:

This project is central to the agency's mission and strategic plan and is consistent with the state's interest in reducing non-point source pollution in the Minnesota River, and provides financial assistance to farmers.

The project leverages 2.3 federal dollars for each state dollar spent as well as contributions from landowners, it provides a positive incentive for landowners to take marginal land out of production, it's cost effective and will produce measurably cleaner water.

This project is also consistent with many of the capital budget funding criteria. It's responsible stewardship of past investments in RIM and other clean water programs, it attempts to "finish what we've started", it takes advantage of a unique leveraging of federal funds, and it promotes incentives for positive behavior.

The request includes $8.2 million for the administrative costs of all the easement programs (CREP, RIM, and PWP). Adequate appropriations for administrative funds are particularly important to ensure that BWSR and the SWCD's can process the increased volume of easements inherent in the CREP program.

Including past appropriations and the current request, the state will have provided approximately $55 million of the required $70 million in state funds. Any additional funding appropriated in the 2002 bonding bill would have to be expended before 7-1-02, as the availability of the federal funding ends on 9-30-02, unless the deadline is extended.

While it does provide a rare opportunity to achieve major progress on an important environmental goal, the limited time available to receive the federal funding requires a very large state commitment over a very short period of time. Despite the attractiveness of this incentive, the intense competition for bond dollars makes this commitment extremely difficult to make.

Governor's Recommendation:

The Governor recommends general obligation bonding of $30.585 million, and $4.99 million from the general fund. Of this amount, $25 million in general obligation bonding and $4.042 million from the General Fund is earmarked for the Conservation Reserve Enhancement Program. This funding level (combined with prior appropriations) means that the state will have provided approximately half of the required match for the available federal funds. Also included are budget planning estimates of $43.6 million of bonding, and $7.034 million from the general fund in 2002, and $9.0 million of bonding and $1.0 million from the general fund in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	65
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	405

2000 STATE APPROPRIATION REQUEST: $1,000

AGENCY PROJECT PRIORITY: 2 of 2

PROJECT LOCATION: Statewide - Multiple Locations

PROJECT DESCRIPTION: Local Government Roads Wetland Banking

Background
The Board of Water and Soil Resources (BWSR) is requesting $1.0 million to replace wetlands lost to public transportation projects as required under M.S. 103G.222, Subd. 1(m). This program supports the "no-net-loss" requirement of both state and federal regulations. It benefits local road authorities by assigning responsibility for replacing the inevitable loss of wetlands to the state.

Issues and Consequences
The 1998 Legislature appropriated $2.75 million to this program in the capital budget. This amount was adequate for one year of projects. The BWSR will be unable to meet its statutory obligation to replace these wetlands if additional funds are not appropriated. Alternatives to completely funding the replacement wetlands include:

- Revising the Wetland Conservation Act (WCA) to require local governments to pay for all, or a share of the cost of wetland replacement;
- Allowing some metro area impacts to be replaced outside the 7-county metro area; or
- eliminating the current requirement that redevelopment projects in the 7-county metro area be given priority.

While these options would reduce the state's cost and obligation, they may also jeopardize the stakeholder agreement that resulted in the 1996 revision of the WCA. The BWSR currently has an agreement with the Army Corps of Engineers (COE) that allows this program to meet federal requirements. If the program is not funded, local road authorities will again have to seek separate federal permits and be responsible for their own wetland replacement. Given these options, the BWSR believes state interests are best served by funding this program.

History
The 1996 Legislature amended the WCA after several years of heated controversy finally led to a consensus between local governments, business interests, environmental groups, and others. The local government roads wetland-banking program was one outcome of this resolution process. It transfers responsibility for replacing wetlands lost due to local government road construction from the road authority to BWSR. This eliminates the need for local government transportation officials to undertake and finance environmental reclamation projects, and consolidates the necessary administrative, financial and technical work. The result is higher quality, more cost effective wetland replacement.

BWSR has adopted a 3-part strategy to establish the wetland credits required by law:

1) Develop projects with local or state partners through fee title or easement,
2) Purchase wetland credits from existing wetland banking accounts, and
3) Acquire easements using existing conservation easement programs.

Program Need
Prior experience shows that approximately 250 acres of wetlands need replacement each year, at an annual cost of $2.35 million. The number of acres impacted depends on the funding level of local government road construction. In the past several years, this funding has increased by about 2% annually. The cost of establishing the wetlands varies widely, from a low of $2 thousand/acre in rural Minnesota, to $100 thousand/acre in the metro area.

BWSR has enough funding to replace wetlands through calendar year 1998. Wetland losses for calendar year 1999 and beyond are not funded. The projected need for FY 1999 through 2001 is $7.0 million.

IMPACT ON AGENCY OPERATING BUDGETS (Facilities Notes):
BWSR received $2.75 million for Local Government Roads Wetland Banking in the 1998 capital budget. The cost to implement the program was $400,000 (15%). Fifteen percent of the current request would be used for realty, engineering, and implementation costs associated with the credit purchase, fee title, or easement acquisition.

OTHER CONSIDERATIONS:
Federal Agreements
Two recently signed agreements between BWSR and the COE provide for federal acceptance of our wetland banking procedures. This means that local government road projects require only one review and approval process. The COE will accept projects approved under state standards, but only if the required wetland replacements are actually funded.

Alternative Financing Options
Some people believe that funding for this program should come from transportation related sources rather than the environmental sources because wetland replacement is precipitated by road construction projects. Others believe that replacing wetland drained or filled by road projects is an environmental benefit, and that transportation funds should only be used for the development or improvement of roads.

A sharing of costs between environmental capital bonding funds, local government gas tax proceeds, and local levy contributions is being discussed with local government organizations, environmental groups and state agencies. A related and parallel effort has begun with legislative policy changes likely to be introduced (S.F. 83).

PROJECT CONTACT PERSON:

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Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2000	06/2005
Land, Land and Easements, Options	$5,350	$850	$4,080	$4,166	$14,446		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	5,350	850	4,080	4,166	14,446		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/2000	06/2005
State Staff Project Management	400	302	720	734	2,156		
Construction Management	0	0	0	0	0		
SUBTOTAL	400	302	720	734	2,156		
5. Construction Costs							
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$5,750	$1,152	$4,800	$4,900	$16,602		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	3,000	1,000	4,800	4,900	13,700
General Fund Projects	2,750	0	0	0	2,750
State Funds Subtotal	5,750	1,000	4,800	4,900	16,450
Agency Operating Budget Funds	0	152	0	0	152
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**5,750**	**1,152**	**4,800**	**4,900**	**16,602**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	262	412	982	996	996
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	262	412	982	996	996
Revenue Offsets	0	0	0	0	0
TOTAL	262	412	982	996	996
Change from Current FY 2000-01		150	720	734	734
Change in F.T.E. Personnel		0.0	3.0	3.0	3.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
ML 1998 Chap. 404, Sec. 10, Subd. 3	2,750
ML 1996 Chap. 463, Sec. 11, Subd. 4	3,000

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	**Amount**	**Percent of Total**
General Fund	1,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

NA

Department of Finance Analysis:

This project is closely aligned with the agency's strategic plan and the six year capital budget plan. It supports the "no net loss" of wetlands provisions in both federal and state policy

The legislature should consider whether or not paying for wetland mitigation needed due to local road projects is an appropriate state role. One economic perspective would have the proposers of projects pay for the external effects (i.e. lost wetlands) of their project decisions; under that alternative, local governments would pay for wetland replacement from highway related state aid funds or other local sources. State highway funds currently cover the costs of wetland replacement required for state road projects.

Governor's Recommendation:

The Governor does not recommend capital funds for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	275

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Dollars in Thousands ($137,500 = $138)

Project Title	2000 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 2000	Governor's Planning Estimate	
		2000	2002	2004	Total			2002	2004
Heating Supply Line/Chiller Replacement	1	$1,100	$0	$0	$1,100	400	$1,100	$0	$0
Roadways and Pathways	2	4,000	5,000	6,000	15,000	405	4,000	5,000	6,000
Education Expansion/Zoolab Rehab		0	2,186	0	2,186		0	0	0
Hospital		0	75	0	75		0	0	0
Greenhouse		0	275	0	275		0	0	0
Bird Holding		0	860	0	860		0	0	0
Infrastructure and Maintenance		0	1,000	0	1,000		0	0	0
Water Management		0	0	800	800		0	0	0
Total Project Requests		$5,100	$9,396	$6,800	$21,296		$5,100	$5,000	$6,000

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AGENCY MISSION STATEMENT:

The Minnesota Zoological Gardens (MZG) is an education, conservation and recreation organization created by M.S.Ch. 85A for the collection, habitation, preservation, care, exhibition and the examination and study of wild and domestic animals. The MZG and its programs provide a significant enhancement to the quality of life in Minnesota.

Mission: *To strengthen the bond between people and the living earth.* This mission is accomplished through exhibits and programs that educate the public, increase understanding of animals and nature and encourage action on behalf of conservation efforts.

Vision: The MZG follows seven vision strategies to achieve its mission:

- Create a magical experience
- Thrive as a special place for children
- Know our customers
- Manage guest "moments of truth"
- Link revenues to results
- Build a premier service organization
- Invest to keep the existing Zoo great

As required by Minnesota statute, the MZG is a public private partnership and consists of adequate facilities and structures to meet its mission. The MZG enhances the quality of life in Minnesota by providing enjoyable education, conservation and recreation experiences to promote a better understanding of animals and nature and to encourage stewardship of natural resources. The MZG belongs to the people of Minnesota and its facilities and programs are accessible to all Minnesota citizens. The MZG also attracts many visitors from other states and countries.

The MZG focuses on delivering excellence in its three core program areas:

- **Education** programs provide meaningful and entertaining interactions with the MZG's unique collection of plants and animals. Programs foster the development of values regarding species survival, biodiversity, habitat preservation and environmental stewardship. The MZG is a primary resource for Minnesota schools to achieve environmental education outcomes. The MZG is the only North American zoo with an education department that is accredited as a special function school by the North Central Association of Colleges and Schools. Education efforts include the Minnesota Zoo Mentor program for minority youth, the partnership with ISD #196 to deliver innovative education experiences at the School of Environmental Studies at the Minnesota Zoo, Career Nights, Zoo Camp, Aquatic Encounter Overnights, Family Zoo Adventures, Teacher Workshops and a variety of other youth and family programs.

- **Conservation** efforts strive to preserve biodiversity and promote a better understanding of animals and nature. The MZG partners with local and global agencies and organizations to promote the survival of threatened and endangered species and ecosystems. Conservation efforts include leadership in Minnesota's trumpeter swan breeding and reintroduction program, participation in the Dakota County Wetlands assessment, conservation education and participation in Species Survival Plans to coordinate the breeding of endangered species to maintain genetic diversity in captive populations.

- **Recreation** opportunities are fun family-oriented experiences that are delivered both at the MZG and throughout Minnesota. Visitors to the MZG have fun and leave with a greater understanding, appreciation and respect for animals and nature. Recreation at the MZG provides fun learning experiences and also generates revenue to support MZG operation. Recreation efforts include Holiday in Lights, Spring Babies, Music in the Zoo summer concert series, and a variety of events for MZG members, animal sponsors and the general public.

TRENDS, POLICIES AND OTHERS ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES, OR CAPITAL PROGRAMS:

In 1955, several organizations, including the Como Zoo, the Minnesota Zoological Society, the Citizens League and the Metropolitan Council, began exploring the concept of a major metropolitan zoo. In 1969, this concept was expanded by the Minnesota State Legislature to encompass the entire state with the creation of the country's first state zoo. The legislature established the MZG Board of Directors in 1969 and in 1973, approved the MZG master plan and passed a bonding bill that was signed by the Governor to fund the construction of the MZG. Construction began in May 1974 and the MZG officially opened to the public on May-22, 1978.

The MZG provides exciting and affordable family experiences to heighten guests' understanding of conservation and encourage a stewardship ethic for animals and nature. Since opening in 1978, over 21 million people have visited the MZG and its collection now consists of 2,480 animals that represent 405 species, including several that are classified as threatened or endangered. The MZG continually evaluates and improves its programs and services to provide the most effective and enjoyable experiences possible. With a membership of more than 28,000 households, the MZG has one of the largest membership bases of any family attraction in the state. More than 1.2 million people visit the MZG annually, including over 145,000 Minnesota K-12 students, teachers and chaperones. The MZG provides activities and programs for people of all ages and backgrounds to encourage stewardship for animals and nature and to instill a greater appreciation for the rich diversity of life on earth.

Originally designed and constructed as a state-of-the-art zoological facility, the twenty-one year old MZG is now in need of capital investment to address life safety issues, protect the state investment in this unique state-wide asset and provide more efficient and effective service to the public. Although the MZG is a year-round facility, approximately 70% of the MZG annual visits occur between Memorial Day and Labor Day. The expenses for maintenance of the facility and the management of the plant and animal collection are fixed and distributed throughout the year, but admission fees earned during the summer months generate the vast majority of revenue. Many factors beyond the MZG's realm of influence (competing attractions, weather conditions, availability of leisure time and money, etc.) impact the levels of attendance and, therefore, in part, determine MZG revenues. In order to provide better long-term financial stability, the MZG is developing programs and activities to reduce the seasonal nature of attendance and revenue, but the summer season is expected to continue to have the greatest attendance and revenue generating opportunities.

PROVIDE A SELF-ASSESMENT OF THE CONDITION, SECURITY, AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS, OR ASSETS:

Construction of the MZG began 25 years ago and the MZG has been open to the public for 21 years. Over one million guests use the MZG exhibit facilities and park areas each year. The 500 acre facility is aging and requires preventative maintenance and corrective preservation.

In 1998, the Statewide Facilities Management Group, coordinated by the Department of Administration, assessed the appropriate levels of annual building maintenance necessary for state agencies. According to the guidelines developed by this process, the MZG should dedicate an additional $3.4 million annually to maintenance and preventative maintenance activities for its facilities.

The MZG will continue to address the infrastructure maintenance needs through use of General Fund appropriations and CAPRA requests whenever feasible. The capital budget request for the current biennium addresses specific needs to correct life safety issues and to provide improved customer service.

The **Heating Plant** upgrades requested in the capital budget for the current biennium would correct existing life safety issues and also improve efficiency of an outdated system of connections between buildings within the MZG site. The $1.1 million request to upgrade the Heating Plant infrastructure would prevent continued deterioration of the infrastructure, reduce or eliminate serious life safety hazards and protect the health of the valuable MZG plant and animal collection. This project would also result in significant savings by preventing the need for more extensive corrective measures in the future.

The condition of MZG **Roadways and Pathways** has deteriorated due to the age of the infrastructure, increased usage, increased size and weight of vehicles to manage the facility and severe weather in the past few years. It has become necessary to repair and replace portions of the Roadway and Pathway infrastructure to meet current usage standards, properly manage the site and preserve valuable state assets. Initial progress on the Roadways and Pathways project was funded by $1.75 million provided through state bonding in the 1997 Legislative session. The capital budget request for the current biennium would continue improvements to the Roadways and Pathways infrastructure that are critical to the development and maintenance of a comfortable and safe environment for both the staff and 1.2 million annual guests.

Other areas that are currently inadequate for safe, effective and efficient operation of the MZG and that will need to be addressed in the coming years include:

- Construction of a **Learning Center** to meet the growing demand for education programs;
- Continued improvements to **Water Management**;
- Construction of a **Bird Holding** facility;
- Improvements to the **Greenhouse**; and
- Renovation of the **Veterinary Hospital** facilities.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

In June 1987, the MZG Board adopted a Long-Range Plan. The plan provided MZG guiding vision for the subsequent 5-10 years. The MZG mission *to strengthen the bond between people and the living earth* guided the process to create the Long-Range Plan. In 1991 and again in 1999, the MZG Board, Minnesota Zoo Foundation Trustees and the staff worked together to update the vision and Long-Range Plan for the future. The Long-Range Plan provides direction for the MZG as a whole and a basis for development of specific operational plans regarding the Collection, Conservation, Education, Recreation, Finance and Facilities Master Plan. The Long-Range Plan also establishes the criteria to be used to establish priorities for capital projects.

The Long-Range Plan specifically recognizes the unique public-private partnership that exists between the State of Minnesota, the MZG Board of Directors and the Minnesota Zoo Foundation that sustains the MZG as a resource for all Minnesota citizens. MZG programs and activities focus on conservation, education and recreation. The Long-Range Plan ensures that the MZG is a fun place to learn about and enjoy animals and also serves as an excellent example of recreation with a purpose – to promote conservation action. In conjunction with the Long-Range Plan, the Facilities Master Plan coordinates all activities related to asset preservation, renovation of existing exhibits, support facilities and public areas and also capital expansion projects to add new exhibits and public areas.

The most immediate priority is to address life safety concerns related to the current condition of the **Heating Plant** infrastructure. The system has serious faults and limitations that pose potential dangers to MZG staff, guests and the valuable collection of plants and animals. Capital expenditures on the Heating Plant system would reduce the potential for injury and also avoid the higher cost of future corrective action.

The MZG also needs to continue the **Roadways and Pathways** project that was started with funds from the previous bonding cycle. This project also addresses life safety concerns and improves the roadways, pathways and parking areas to become appropriate to the current types and levels of use. In addition to life safety concerns, the Roadways and Pathways project also greatly improves the customer service for the more than 1.2 million annual MZG guests.

The MZG strategic plan for capital investments in the next six years includes several other projects to better serve guests, manage the living collection of plants and animals and correct life safety issues. Construction of a **Learning Center** is necessary to better serve the growing demand for the MZG environmental education programs. The current education facilities are inadequate to meet the needs of the existing programs and severely limit opportunities to improve and expand the MZG education efforts. **Water Management** improvements are also a priority in order to correct water quality and quantity problems and efficiently manage water issues on the 500-acre site. The **Greenhouse** is twenty years old and no longer meets the horticulture needs of the MZG. A new horticulture facility will allow better maintenance of the collection of tropical plants, management of the virgin hardwood forests and provide a pleasant recreational setting. The construction of a **Bird Holding** facility has become necessary to support the management of the MZG exotic and endangered bird collection. This new bird facility would improve the MZG's nationally renowned passerine (songbird) breeding programs that generates revenue and also provide winter holding areas for trumpeter swans that are part of the breeding and reintroduction program in Minnesota. The current **Veterinary Hospital** facilities are no longer adequate to manage the preventative health maintenance, medical treatment, medical records and research necessary to properly maintain the health of the animal collection and advance MZG conservation efforts.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

The MZG routinely requests and receives guest evaluation and comments regarding the current condition of the facility as well as requests for future exhibit additions.Regular surveys also indicate levels of guest satisfaction with the current MZG facility and their preferences for future exhibit additions. This information is essential to effectively serve the needs Minnesota and its citizens.

The MZG management staff, in consultation with the MZG Board of Directors, determines the priorities for capital projects based on guest input, cost-benefit analysis, affordability, feasibility, conservation impact and relevance to the MZG mission. When appropriate, consultants or engineers have been engaged to assist in feasibility studies, planning and pre-design.

AGENCY CAPITAL PROJECTS DURING THE LAST SIX YEARS (1994-1999):

- $1.82 million received in 1992 funded roof replacement that was completed in 1994. The MZG is repaying 1/3 of the debt service and the state General Fund the remaining 2/3.
- $20.5 million in bonding was approved during the 1994 Legislative session for the construction of the Discovery Bay – United HealthCare Marine Education Center. This facility includes marine exhibits for Atlantic bottlenose dolphins, large shark species, sea turtles, sting rays, eels, smaller shark species and a variety of marine invertebrates. It also includes hands-on interactive exhibits and facilities for after hour rentals. Discovery Bay opened in June 1997. The MZG is repaying 60% of the debt service and the state General Fund the remaining 40%.
- $1 million was received in 1994 for infrastructure and maintenance. Of this total, $392,000 funded improvements to animal management areas and $608,000 funded projects to address water management issues.
- The MZG received CAPRA funds totaling $913,000 through F.Y. 1999. These funds were spent to address code compliance and life safety issues.
- $1.75 million was approved during the 1998 Legislative session to begin the first phase of the Roadways and Pathways project. These funds provided support to address life safety and customer service priorities that are part of six-year plan to improve the Roadways and Pathways infrastructure.

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2000 STATE APPROPRIATION REQUEST: $1,100

AGENCY PROJECT PRIORITY: 1 of 2

PROJECT LOCATION: Apple Valley

PROJECT DESCRIPTION:

The Zoo requests $1.1 million to repair and upgrade the facility's heating and cooling system.

Heating System: The project will install new insulated high temperature heat lines to distribute heat throughout the Zoo complex. The Zoological Gardens is heated by a central boiler plant which distributes the heat throughout the complex through a system of underground high temperature supply and return pipes. The system was installed during the original construction of the Zoo and is over 20 years old. The steel pipes that carry the water for heating the complex from the heating plant building to the other buildings is nearing the end of its expected life cycle and have begun rusting badly. In addition the insulation installed originally with the pipes has deteriorated badly and is providing minimal insulation value. Several major leaks have occurred and have been repaired on a piecemeal basis.

Cooling System: The project will replace the existing main building complex cooling equipment.

The Zoological Gardens complex is cooled by a 500 ton chiller which produces cool water that is distributed though a piping system to the buildings to be cooled. The current chiller is over 20 years old and is nearing the end of its expected life cycle. The unit uses R-12 refrigerant, which is no longer manufactured. This has made it difficult and expensive to obtain in case of the need to recharge the system. If a leak requiring recharging were to occur the cost of refrigerant would exceed $84,000.

The aging heating and cooling systems at the Zoological Gardens have reached the end of their expected life cycle and need to be replaced. Failure to replace could result in serious consequences if the systems fail abruptly. The Zoo complex contains no backup to either of these primary systems. The loss of heat or cooling for even a relatively short period of time, during a period of heavy demand on the system could result in loss to the animal and plant collection at the Zoo. Due to the outdated technology of the present coolers, even a routine loss of refrigerant on the system will result in excessive expenditures for the no longer manufactured and scarce R-12. The manufacturer of the system does not recommend repair of equipment that has reached this point in its life cycle.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The project is repair and replacement of current systems and will result in no additional operating costs to the Zoo. The failure to make the necessary repairs will subject the Zoo to potentially high emergency repair costs in the case of an abrupt failure of the systems. The replacement of the insulation on the high temperature heating piping should result in some utility cost savings.

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Zoological Gardens
Heating Supply Line/Chiller Replacement

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** FY 2004-05	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	30	0	0	30	07/2000	08/2000
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	30	0	0	30		
4. Project Management						08/2000	12/2001
State Staff Project Management	0	0	0	0	0		
Construction Management	0	30	0	0	30		
SUBTOTAL	0	30	0	0	30		
5. Construction Costs						08/2000	12/2001
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	0	900	0	0	900		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	53	0	0	53		
SUBTOTAL	0	953	0	0	953		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction		04/2001					
Inflation Multiplier		8.60%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		87	0	0	87		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$0	$1,100	$0	$0	$1,100		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,100	0	0	1,100
State Funds Subtotal	0	1,100	0	0	1,100
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**1,100**	**0**	**0**	**1,100**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	0	0	0
Change from Current FY 2000-01		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,100	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

Projects of an infrastructure nature do not require a formal predesign submittal.

Department of Finance Analysis:

This project replaces 20-year old heating and cooling system water pipes and chillers to protect the collection of plants and animals from extreme temperatures should the system fail. The project is consistent with the agency's strategic plan and the Governor's views on asset preservation.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.1 million for this project.

STATEWIDE STRATEGIC SCORE		
Criteria	**Values**	**Points**
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	20
Contained in State Six-Year Planning Estimates	0/25/50	0
Total	700 Maximum	400

Dollars in Thousands ($137,500 = $138)

2000 STATE APPROPRIATION REQUEST: $4,000

AGENCY PROJECT PRIORITY: 2 of 2

PROJECT LOCATION: Apple Valley, MN

PROJECT DESCRIPTION: The Minnesota Zoo requests $4.0 million dollars in the next phase of an ongoing project to rebuild pathways, roadways and parking lots.

Beginning with an appropriation of dollars from the 1998 Capital Budget Request, infrastructure improvements were made, and serious safety deficiencies were addressed. The proposed project will continue this work by focusing on the roadways, parking lots, pathways and public plaza areas that will handle over 5 million people over the next 5 years.

The Minnesota Zoo currently has approximately 1,645,000 square feet of asphalt surfacing located in a variety of areas (38 acres of land). Maps showing the pavement areas of the Zoo and their current condition are available. The following table describes the categories and quantities of the paved areas.

Roadways	375,000 square feet	Average 20-foot width
Parking Lots	1,100,000 square feet	2,700 parking stalls
Pathways	70,000 square feet	Average 10-foot width
Public plaza areas	100,000 square feet	

Previous funding of this project has allowed for the replacement of the public perimeter roads (about 186,000 square feet of asphalt), new curbing in these areas, a rebuilt public pathway along the Northern Trail (approximately 35,000 square feet) and the replacement of a pedestrian bridge along the Northern Trail.

Because of the advanced age, a limited maintenance budget, and intense use of these pavement areas for the past 2 decades, all of the asphalt, (except that replaced during 1998 and 1999), needs extensive repair or replacement.

Many of the zoo's roadways and pathways were originally constructed for light duty use. The 1998 appropriation was used to reconstruct the worst of the public roadways, and the next phase is to reconstruct public parking lots and the service roads. The roadway current width and cross section are not able to handle the additional traffic volume and heavy loads of today's vehicles.

As a part of this project, concrete curbing needs to be installed in all areas visible to the public and where we were experiencing erosion to the roadway sub-base. This curbing is necessary and instrumental in protecting the asphalt edge from unnecessary deterioration, extending the lifespan of roadways for many years and channeling storm water runoff. With the exception of new construction, concrete curbing had not been used on the zoo property in the past. Studies that have been completed by several cities throughout Minnesota indicate that concrete curbing will extend the pavement life well beyond the investment cost of the curb improvement. Additionally, maintenance costs are reduced and esthetics improved.

A key aspect of this project is to address the increasing demand for adequate public parking on the zoo site. With our current attendance the need to provide adequate parking has become acute. The Minnesota Zoo has statistics documenting the existing and required number of parking stalls based upon current and projected attendance at the zoo.

In addition to asphalt and curbing, lighting improvements are needed in the main entries, public walkways and plaza areas where the public congregate. The zoo was originally built without any outdoor lighting. Only recently have we been able to add lights to a few key areas to meet our minimum needs. In order to meet the required Uniform Building Code (UBC) standards, lighting in all parking lots, entries, outdoor walkways and plaza areas is necessary. Improved lighting will increase the safety and security of the visitors, staff and the overall premises. With the increase in the amount of nighttime activities and the huge investment in zoo facilities, lighting is becoming a critical public safety need.

IMPACT ON AGENCY OPERATING BUDGETS: The annual estimated increase in operating costs to maintain the requested FY 2000 improvements is $131 thousand beginning in FY 2002. This is for a regular schedule of seal coating and chip coating of the paved areas.

This project was funded during the F.Y. 1998-99 Capital Budget in the amount of $1.750 million. Prior to that appropriation, previous repairs had been funded through the zoo's operating funds. In 1995 and 1996, expenditures to improve the pavements in the zoo totaled less that $100 thousand.

Because only partial funding was previously received, it is necessary to continue this project to limit costly and less effective further "stopgap" improvements. Infrastructure improvements were a high priority for the zoo in the last capital budget cycle, and public safety, program expansion and current maintenance conditions continue to make this request a high priority for the zoo.

A predesign document was previously submitted, and partial design work has been completed on this project.

OTHER CONSIDERATIONS: Pictures showing conditions of pavement and construction tables and attendance graphs, etc. are available for review.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2000-2005
Dollars in Thousands ($137,500 = $138)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	27	0	0	0	27		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		103	200	300	275	878	07/2000	10/2000
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	103	200	300	275	878		
4. Project Management							07/2000	06/2003
State Staff Project Management		0	0	0	0	0		
Construction Management		32	75	100	100	307		
	SUBTOTAL	32	75	100	100	307		
5. Construction Costs							10/2000	06/2003
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		1,615	3,143	3,526	3,950	12,234		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	238	262	312	812		
	SUBTOTAL	1,615	3,381	3,788	4,262	13,046		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. Occupancy								
Furniture, Fixtures and Equipment		0	0	0	0	0		
Telecommunications (voice & data)		0	0	0	0	0		
Security Equipment		0	0	0	0	0		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction			06/2001	06/2003	06/2005			
Inflation Multiplier			9.40%	19.40%	29.40%			
Inflation Cost	**SUBTOTAL**		344	812	1,363	2,519		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$1,777	$4,000	$5,000	$6,000	$16,777		

Dollars in Thousands ($137,500 = $138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2000-01	FY 2002-03	FY 2004-05	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,750	4,000	5,000	6,000	16,750
State Funds Subtotal	1,750	4,000	5,000	6,000	16,750
Agency Operating Budget Funds	27	0	0	0	27
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**1,777**	**4,000**	**5,000**	**6,000**	**16,777**

IMPACT ON STATE OPERATING COSTS	Current FY 2000-01	Projected Costs (Without Inflation)			
		FY 2000-01	FY 2002-03	FY 2004-05	FY 2006-07
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	262	262	262
Expenditure Subtotal	0	0	262	262	262
Revenue Offsets	0	0	0	0	0
TOTAL	0	0	262	262	262
Change from Current FY 2000-01		0	262	262	262
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
98 404 00 000	1,750

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	4,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138)

Department of Administration Analysis:

12/7/99

Projects of an infrastructure nature do not require a formal predesign submittal.

Department of Finance Analysis:

This is a continuation of a project that was requested and approved two years ago. It is a multi-year project to replace inadequate and worn out roads, bridges, pathways and parking lots at the Minnesota Zoo. The proposal is consistent with both the agency's strategic plan and the state's interest in asset preservation. There is no alternative funding source.

Governor's Recommendation:

The Governor recommends general obligation bonding of $4 million for this project. Also included are budget planning estimates of $5 million in 2002 and $6 million in 2004.

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	80
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	20
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	405

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