

EXECUTIVE SUMMARY



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2002-07 Minnesota Capital Budget

*Presented by
Governor Jesse Ventura
to the 82nd Legislature*

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*To the
People of
Minnesota
and Their
Legislators*

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Two years ago, I presented my first capital budget based on straightforward principles of self-sufficiency, doing what's necessary rather than what's nice and always remembering that it's the people's money. For this legislative session, I am very pleased to present my 2002 Capital Budget that builds on these important principles.

The selection of recommended projects was not an easy task. Total requests from state agencies, higher education institutions, and local governments are nearly double our state bonding capacity. Just as before, my recommendations are very clearly directed toward:

- Protecting the health and safety of Minnesota citizens and state employees.
- Protecting the investments the state has already made by repairing important state facilities. Before new projects or new programs are considered, asset preservation projects must be funded first.
- Making selective strategic investments consistent with *The Big Plan* and smart growth principles.
- Taking advantage of unique financing opportunities, particularly for federal matching funds.
- Clarifying the state funding role versus that of local government and the private sector.

These recommendations include \$746 million in capital projects financed with state general obligation bonds. In keeping with my goal of maintaining our AAA bond rating, the size of my capital budget fits within our 3% debt management guideline.

I look forward to working cooperatively with the Legislature as we go forward in doing the people's business in the 2002 session.



Jesse Ventura
Governor

Executive Summary

Highlights of the Governor's 2002 Capital Budget

Governor Jesse Ventura presents his 2002-2007 Strategic Capital Budget for consideration of the people of Minnesota and the 2002 Legislature.

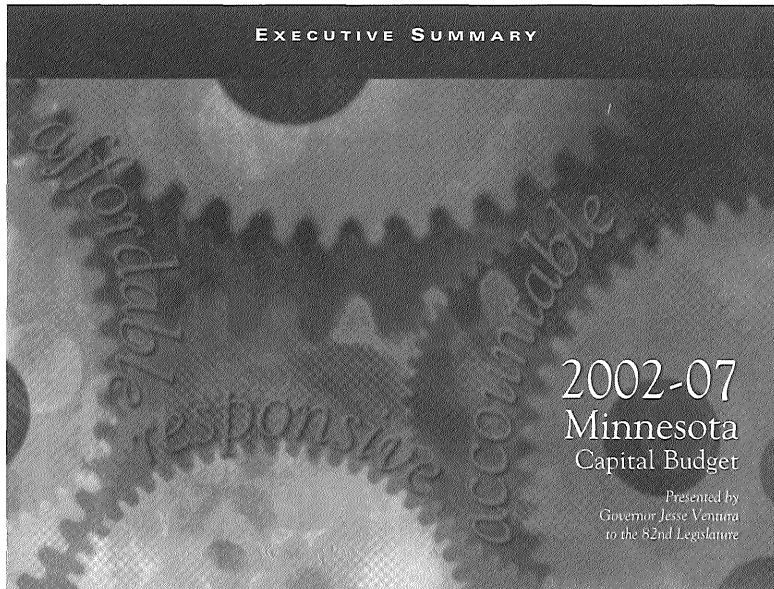
The Governor recommends \$746 million in capital projects financed with state general obligation bonds. Additional projects include \$66 million paid by user-financing, \$2 million from the general fund, and \$31 million from the trunk highway fund.

Preserving the state's basic infrastructure is the top priority of this capital budget. The Governor's firm conviction is that asset preservation and facility repair projects must be funded first in the 2002 bonding bill. The proposed budget remains within the state's three percent debt service guideline for the entire 2002-2007 planning period and finances the state's most important capital needs today, while preserving adequate bonding and debt capacity for the coming years.

Basic Bricks and Mortar

Minnesotans expect their elected officials and administrators to be good stewards of state assets and facilities. They expect that state facilities will be kept in good repair, roofs will not leak, indoor air quality will not make employees ill and our transportation network will remain safe for motorists.

Since the early 1990s, the state has used bonding bills to actively fund facility repair and renovation projects. This attention to asset preservation has expanded over the past decade. Governor Ventura suggests this effort be institutionalized in state statutes through a new 1% minimum funding formula for asset preservation projects of state agencies and the higher education institutions.



The Governor's capital budget recommends \$246 million in asset preservation projects:

- \$70 million divided equally between the University of Minnesota and the Minnesota State Colleges and Universities for higher education asset preservation and replacement accounts (HEAPR).
- \$31 million for state park repair projects, \$8 million for metro parks and \$2.9 million for other DNR asset preservation projects.
- \$30 million for local bridge repair and replacement grants.
- \$17 million for Capital Asset Preservation and Replacement (CAPRA).
- The balance of \$87 million for code compliance, asset preservation and urgent repairs to facilities of the departments of Corrections, Human Services, Transportation, Military Affairs, Veterans Homes, Historical Society, Minnesota State Academies, Perpich Arts Center, Governor's residence, Capitol building and the Minnesota Zoo.

Strategic Investments

The state should always be aware of timely opportunities to make good decisions for its citizens. The Governor's capital budget includes a number of recommendations to safeguard public health, capture significant nonstate funds and promote strategic initiatives:

- \$85 million for a new joint laboratory facility in St. Paul for the departments of Health and Agriculture to replace current facilities that

are seriously undersized and unable to respond to emerging public health risks. Lease-purchase authority is requested to develop office space associated with the labs, and a new facility for the Department of Human Services.

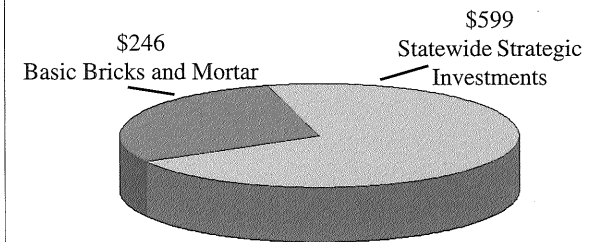
- \$120 million to match federal funds for the Northstar commuter rail line between St. Cloud and downtown Minneapolis.
- \$50 million for transit improvements along the northwest metro busway. In addition to obvious transit advantages, this project will provide incentives for housing and economic development in the northwest metro area.
- \$135 million to the Minnesota State Colleges and Universities. Funding includes science and technology projects at Normandale Community College, Minneapolis Community and Technical College, Metro State University, Alexandria Technical College, Winona State University and Moorhead State University.
- \$86 million to the University of Minnesota. Funding includes science, technology and other instructional facilities on campuses at Duluth, St. Paul, Minneapolis and Crookston.
- \$10 million for redevelopment grants in greater Minnesota and \$10 million for the livable communities grant program of the Metropolitan Council.
- \$15 million in Rural Finance Authority loans for mortgage assistance to farmers.

GOVERNOR'S 2002 CAPITAL BUDGET

General obligation bonding = \$746 million
 Total recommendations = \$845 million (all financing sources)

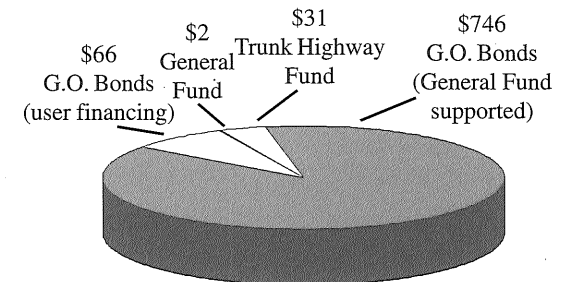
Use of Funds

All Financing Sources
 (Dollars in millions)



All Financing Sources

(Dollars in millions)



Making Tough Decisions

Governor's decision-making process and criteria

After receiving \$2 billion in capital requests, Governor Ventura asked members of his cabinet to offer suggestions for how requests might be evaluated. Review teams were created to evaluate major funding areas with important implications for the size and scope of the Governor's capital budget.

Review teams included staff from the Governor's office and the departments of Finance, Administration, Revenue, Trade and Economic Development, Transportation, Minnesota Planning, Housing Finance Agency, and the Metropolitan Council. Outside participation included representatives from the Citizens League and the University of Minnesota.

Evaluating Projects

The Governor instructed the review teams to evaluate major requests and offer funding options. Meeting frequently in the fall of 2001, the teams invited state agencies and the higher education institutions to present their requests. Requests from local units of government were also reviewed and team members visited project sites around the state. The teams concluded their mission by providing funding recommendations to the Governor.

The Governor considered all requests in light of six criteria, which included goals from *The Big Plan* and smart growth principles. Requests that

most clearly demonstrated a link to these criteria were included in the Governor's 2002 capital budget. Local projects were evaluated against statutory criteria enacted in 1999.

The Governor's asset preservation recommendations are most clearly linked to health and safety criteria, as well as wise stewardship of existing state assets and infrastructure. These projects are also viewed as urgent and necessary.

The strategic initiative for a new health and agriculture laboratory is driven by public health and safety concerns. Transportation and transit initiatives will take advantage of unique federal funding opportunities and carefully integrate transportation systems with smart growth incentives for housing and economic development.

Bonding Bills as Economic Stimulus

The recent economic downturn has prompted discussion about the role of the bonding bill as a mechanism for economic recovery. But does increased construction activity financed by state bonds really stimulate the economy?

Unfortunately, the beneficial effects of capital budgets on the Minnesota economy is not nearly as strong as is often claimed. Timing considerations are a major barrier to using

bonding bills to promote economic recovery.

It's difficult to provide enough stimulus when the economy really needs it. Experience has shown that capital funds are typically spent over a five-year period. Fifteen percent is spent in the first year after the bonding bill is enacted, 35 percent in each of the next two years, 13 percent in the fourth year, and the remaining two percent is spent in the fifth year.

This five-year timeframe reflects inherent limitations in project schedules. Significant time is required for land acquisition, demolition, relocation, design, bidding, and construction. Design and construction of large, complex facilities naturally requires more time than smaller repair projects. Local projects are delayed when raising non-state matching funds. Each step adds time to the process, delays the stimulus or provides it at the wrong time.

If state and national forecasting models are correct, the current recession is likely to be over before the 2002 capital budget is approved. DRI-WEFA is forecasting this recession to end in the first quarter of 2002. This means that previous bonding bills will have more impact on the economy than new appropriations in 2002. Large capital budgets were passed in 1998 and 2000. Due to the previously described lags, up to \$400 million in state-funded construction will already be underway this year.

Finally, bonding bills are dwarfed in comparison to overall economic activity in the state. Minnesota's total gross state product was \$173 billion in 1999. Even if the size of the 2002 capital budget was set at the state's bonding limit of \$1.09 billion and could be spent in just one year, the size of the bonding bill would be less than six-tenths of 1% of the state's annual economic output.

Making Smart Decisions, Then Spending Dollars Quickly

Although bonding bills are not a panacea for economic recovery, the Governor recognizes that some short-term economic stimulus might help boost Minnesota's economy in the near term. The key is ensuring that capital appropriations are spent as soon as possible.

Because asset preservation projects have faster schedules than construction of new facilities, the Governor recommends that incentives be established to spend these capital appropriations quickly. These are labor-intensive projects that will help the local economy.

Specifically, the Governor recommends that asset preservation funds be appropriated with sunset dates to encourage speedy spending. He recommends that all major asset preservation appropriations to state agencies and the higher education systems be spent or encumbered by June 30, 2004. This will give recipients two construction seasons to begin their work. Unused portions of asset preservation appropriations not spent or encumbered by

that date would be cancelled and redirected to more urgent projects in future bonding bills.

Other measures are recommended to prime the capital-spending pump:

- Exempting state agency projects under \$2 million from the Designer Selection Board process. This will allow architectural selection for smaller projects through a public bidding process without a lengthy statewide selection process. Higher education systems already have this flexibility under current law.
- Providing state agencies and higher education institutions with design-build authority. The Department of Administration will be pursuing enabling language this session to advance this proposal.
- Increasing administrative limits on master contracts for basic asset preservation contracts. The current limit is \$10,000 per contract. The Department of Administration has been asked to consider amending the state's procurement guidelines to provide more flexibility.
- Amending statutes to allow up to 10% of CAPRA and HEAPR appropriations to be used for design of next-phase asset preservation requests. This will allow projects to be ready to go for the next round of appropriations.

THE GOVERNOR'S SIX CRITERIA FOR RECOMMENDING CAPITAL PROJECTS

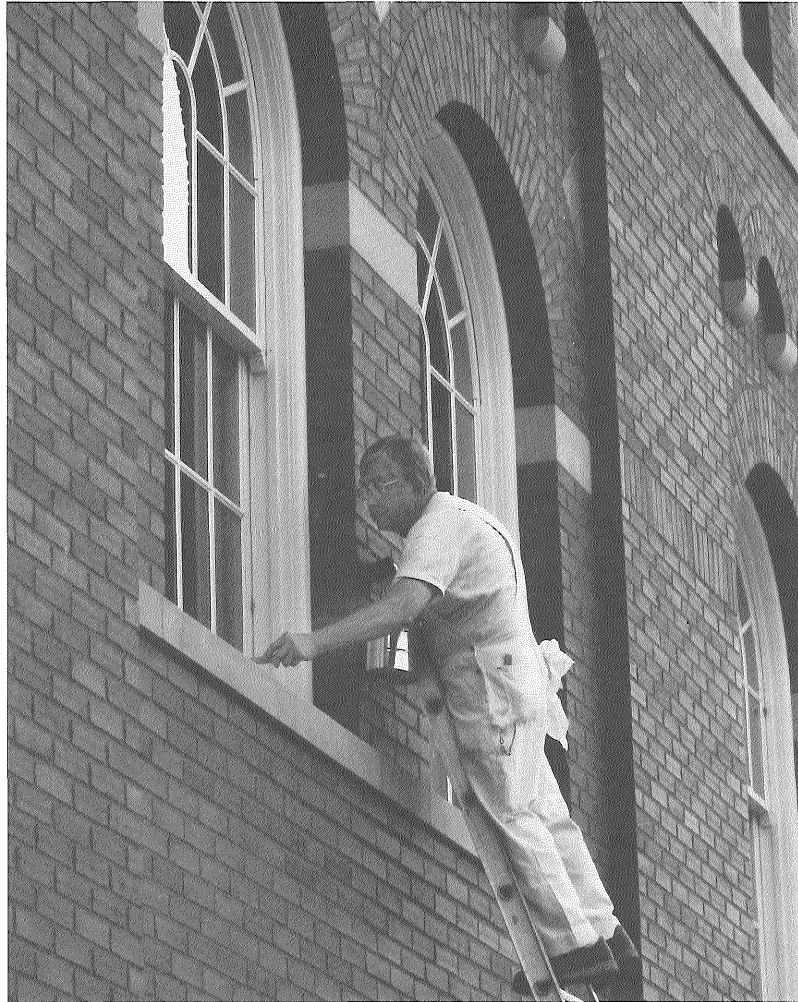
- Protect public health and safety.
- Provide responsible stewardship of existing state assets and facilities first.
- Select projects that are urgent and necessary, rather than merely nice to do.
- Promote strategic initiatives consistent with *The Big Plan* and smart growth principles.
- Take advantage of unique financing opportunities, particularly for federal funding.
- Clarify the state's funding role versus that of local government and the private sector.

THE GOVERNOR'S CRITERIA FOR EVALUATING LOCAL PROJECTS

- Projects must fulfill a strong state mission and have unquestioned regional or statewide significance.
- Local funding must be provided to the fullest extent possible. All local funding solutions must be examined, including local fund balances and revenues from local option sales taxes. The Governor is willing to consider increased flexibility to the State Arts Board to use existing operating grants for capital projects.
- No new state operating subsidies.
- State funding role must not be expanded.
- Projects must not compete against private facilities or create inequities among local jurisdictions.
- The project must be endorsed by a local governing body.

Basic Bricks and Mortar

Repair current facilities before adding new ones



Repairing current facilities and state infrastructure is the foundation of Governor Ventura's 2002 capital budget. The Governor recommends \$246 million in basic asset preservation projects. In any capital budget, these investments must be the first order of business. The Governor strongly believes that asset preservation recommendations must be funded first, before considering new projects and new programs.

Responsible stewardship requires frequent investments in basic bricks and mortar. Current assets and facilities must be repaired so they can continue to provide value to the public. These initiatives do not attract much attention because they do not create new space and lack public visibility. They do, however, ensure that the state retains its productive capacity and avoids future funding emergencies, particularly in agency operating budgets.

Melting the Capital Iceberg

The Department of Administration estimates the state's deferred maintenance backlog to be in excess of \$1.5 billion. This includes state assets and facilities that are deteriorated, inoperable, or have outlived their useful life.

Minnesota's deferred maintenance backlog is known as the "capital iceberg." The capital iceberg exists because there is no clear responsibility for financing asset preservation. Ideally, maintenance and repair costs should be provided through agency operating budgets. Unfortunately, history has shown that only small sums have been set aside for asset preservation purposes and are often under pressure in times of tight budgets, such as now.

Since 1990, the state has started to pay more attention to asset preservation needs. Capital appropriations have increased funding for facility repairs at state agencies and higher education systems—first from CAPRA and later from HEAPR. These bonding appropriations have helped complete many long-overdue projects.

Unfortunately, funding is still provided rather haphazardly – there is no formalized funding methodology in the operating or capital budgets. Rather than providing predictable levels of investment over a long-term horizon, funding comes in fits and starts.

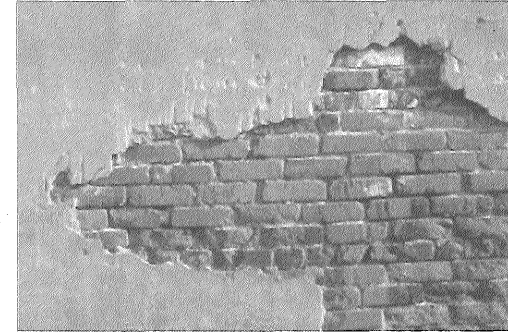
Moving to a Funding Formula

The Governor believes that aggressive funding levels must be provided in the bonding bill to cover deficiencies in the operating budget, upgrade state facilities and protect our public investment. The state should maintain its current buildings before adding new ones. It must also be a responsible steward of state facilities before assuming responsibility for local needs.

To that end, the Governor proposes that Minnesota Statute 16A.11 be amended to establish formula-driven funding for asset preservation. Specifically, the Governor recommends a new funding formula based on at least 1% of the replacement value of state buildings and higher education facilities.

The funding formula would be achieved through a combination of operating appropriations in the biennial budget and capital appropriations in the bonding bill. The formula would calculate biennial funding needs. Asset preservation needs not met in the operating budget would be targeted for the bonding bill.

Based on the proposed formula, the Governor recommends \$246 million in funding for a variety of asset preservation projects. All state agencies submitting asset preservation requests are recommended at a 1% or greater funding level.



AT A GLANCE: GOVERNOR'S ASSET PRESERVATION RECOMMENDATIONS

Projects	Cost in Millions
University of Minnesota HEAPR	\$35.0
Minnesota State Colleges and Universities HEAPR	35.0
DNR state park rehabilitation and repair	31.0
MnDOT local bridge repair and replacement	30.0
Corrections asset preservation	23.1
Administration statewide CAPRA	17.0
Human Services asset preservation	14.9
Veterans Homes asset preservation and repairs	13.7
Metro Regional Parks repairs and improvements	8.0
DNR field office renovations	7.0
Transportation building exterior repair	5.0
Military Affairs asset preservation	4.4
Governor's residence repair and renovation	4.3
DNR asset preservation and ADA compliance	3.9
Capitol renovation and signage	3.3
Capitol complex electrical upgrades	3.2
Minnesota Zoo asset preservation	3.0
Perpich Arts Center repairs and renovations	1.7
Historical Society historic sites network	1.5
Minnesota State Academies asset preservation	1.5
State dam repair and reconstruction7
Total	\$246.4

Public Health and Safety

Safeguarding the health of our citizens and employees



Protecting public health and safety is a basic responsibility of government. Few public services are as important. Unfortunately, it's becoming increasingly clear that our lack of attention to existing state health facilities is hampering our ability to adequately protect the public.

The laboratory facilities of the departments of health and agriculture are not up to modern standards and put our scientists at a tremendous disadvantage when doing their research. To ensure the safety of our nearly five million Minnesota residents, the time has come to upgrade our state laboratories and related office space.

To that end, the Governor recommends \$85 million in general obligation bonds for land acquisition, design and construction of a new joint laboratory facility with related parking for the departments of Health and Agriculture. Lease-purchase authority is requested to develop associated office space for the two departments. Lease-purchase authority is also requested to develop a new Human Services facility in St. Paul near the Capitol complex.

"Farm to Table" Food Safety at the Department of Agriculture

Since 1979, the Department of Agriculture and its laboratory services division has been housed in retrofitted space that was supposed to be a temporary arrangement until more suitable space could be found elsewhere. Since then, the demand for better food safety has prompted new regulatory programs in agronomy and plant protection, as well as for dairy and food inspection.

Not only has the demand for services increased, but testing procedures have become more complex. The lab must now conduct far more demanding and time-consuming analysis thanks to scientific advancements and expectations of higher-quality lab services.

The physical limitations of this laboratory are obvious and alarming. Far and away the biggest concern is an inability to maintain air quality and ensure the health and safety of employees. Lab personnel routinely work with highly toxic substances including food borne pathogens, pesticide dust and fumes, and powerful organic solvents that have been linked to cancer and birth defects. However, the building's air control and ventilation system is not up to the task. Attempts at retrofitting have failed. Complaints and health concerns by lab personnel are increasing.

Health Department Building Deficiencies

The department of Health is currently located in four metro area facilities. The largest facility is the state-owned building at 717 Delaware at the University of Minnesota. Space is also leased in downtown St. Paul and Energy Park.

The public health laboratories and disease prevention programs are central to the department's core function of responding to emerging health threats. The integrated approach of laboratory and program staff working in partnership has earned Minnesota a reputation as a national leader in public health protection.

Unfortunately, while the department's work may be considered a national model, the facility it occupies is no model whatsoever – or is a very poor model at best. The Health Department's scattered sites create communication barriers, decrease organizational productivity, require duplicate support services, and confuse the public.

The 30-year-old facility at 717 Delaware has significant deferred maintenance deficiencies, is not designed to support the needs of current technology or a modern laboratory, has inadequate building security, and has exceeded its building capacity.

Finally, recent terrorist acts have reiterated our need for public safety. But even before the tragic events of September 11th, it was evident that our public health laboratories had not been updated to current standards and were in need of urgent attention. The public has every right to expect state health facilities that are poised to meet the challenges of the 21st century.

Co-Location of Human Services

The Department of Human Services is currently housed in eight locations throughout the metro area in offices with significant health and safety issues. Some locations have insufficient power and voice/data networks to support technological demands of the workplace. The dispersion of staff in multiple locations impedes a cohesive workplace and is confusing to the public.

The Governor seeks authority to enter into a long-term lease to co-locate DHS operations in a new facility in St. Paul. Ownership of the facility will transfer to the state at the end of the lease. The proposal will utilize a 45% federal funding match to offset operating lease costs, provide higher quality office space and develop an equity interest in a new state office building rather than continually leasing private space with fluctuating market rates.

SLEUTHING FOR PUBLIC HEALTH ENEMIES

Recent laboratory investigations into real or potential public health dangers

Department of Agriculture Testing

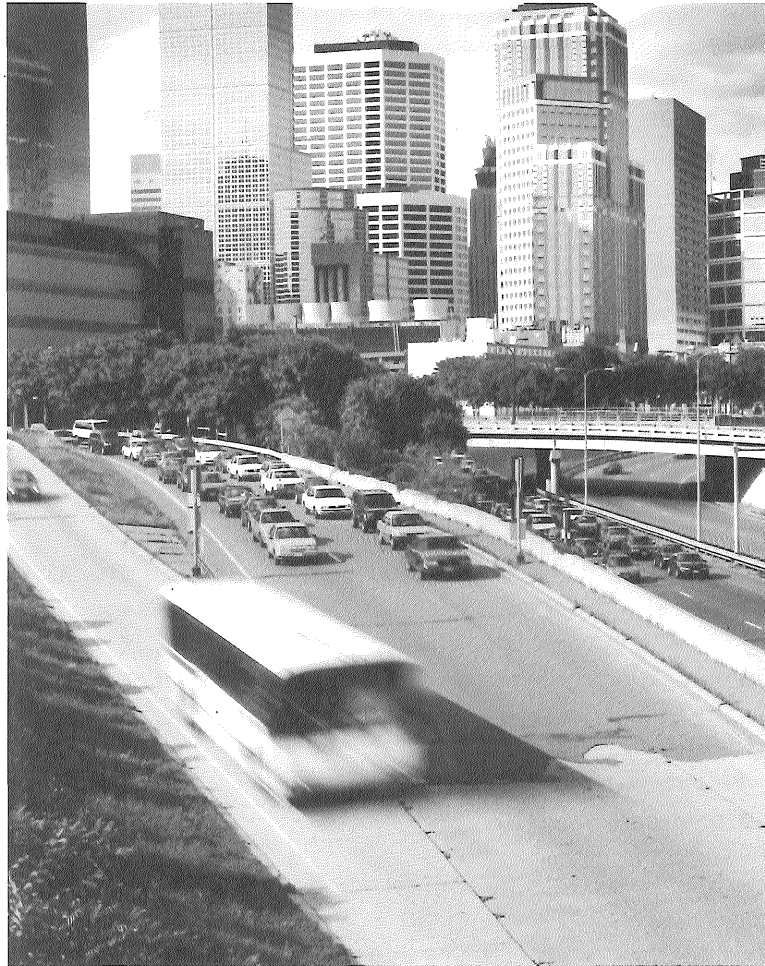
- *E. coli* in supermarket ground beef
- Listeria in food processing facilities
- Food-borne contaminants at hotels and restaurants
- Illegal pesticides on farmland
- Groundwater contamination
- Statewide meat inspection

Department of Health Testing

- Knee surgery deaths (Stearns, Douglas)
- General bioterrorism/anthrax testing (FBI and Post Office samples)
- Science Museum testing (St. Paul)
- Suitcase substance testing (Twin Cities International Airport)
- Day care center *E. coli* (Hennepin)
- Copper in elementary school water (Nobles)
- Tiger bite rabies testing (Olmsted)
- Hospital Legionella death (Isanti)
- Bacteria at sugar beet plant (Renville)
- Potential liquid cyanide (Minneapolis)
- Potential taconite tailings/asbestos (Lake Superior)
- Childrens Legionella (Le Sueur, Scott)

Transportation and Transit

Integrating transportation with smart growth development



By 2020, the population of the Twin Cities region is expected to increase by 500,000 people. As the metro area grows, communities want more choice in how to build and redevelop, meet the needs of residents, attract jobs and improve their quality of life.

As this trend continues, the need for regional growth strategies becomes greater than ever. Of paramount importance is the need to guide growth wisely in ways that integrate transportation and transit, land use and environmental planning, economic development and housing.

The Governor recommends a variety of transportation, transit and development initiatives to improve the vitality of the metropolitan area and greater Minnesota. These projects promote strategic investments, leverage significant nonstate funds and are consistent with *The Big Plan* and smart growth principles.

Transportation Initiatives

The Governor recommends \$120 million in state bonding to match an additional \$139 million in federal funds and \$27 million in local commitments for land acquisition, design, and construction of the Northstar commuter rail line between St. Cloud/Rice and Minneapolis. This includes a connection to the Hiawatha light rail transit line in downtown Minneapolis.

This 82-mile rail project anticipates 11 boarding stations. It has brought together more than 30 local units of government in design and support of the project. The preliminary engineering package was submitted to the Federal Transit Administration (FTA) in June, 2001. The next steps are to secure a state funding commitment, complete environmental documentation, negotiate track improvements with the Burlington Northern Santa Fe railroad and apply for FTA authorization to proceed to final design.

As part of his statewide infrastructure repair initiative, the Governor recommends \$30 million in grants for the repair or replacement of local bridges. Approximately 80% of these grants will be awarded in greater Minnesota.

Three appropriations are recommended from the trunk highway fund. \$14 million is for replacement of MnDOT's Mankato headquarters facility, State Patrol offices and drivers license examination station. \$9.5 million is for a consolidated operations support facility. \$2 million is for backbone digital communications equipment.

Northwest Metro Busway

Congestion is worsening in the Twin Cities. The Twin Cities moved from the 34th most congested region in the country in 1992 to the 14th most congested region in 1999. Citizen surveys have reported traffic congestion and urban sprawl as top concerns. Average highway speeds are down and average commuting times are up. As congestion increases, more people look to transit as an option to driving.

The Governor recommends \$50 million in state bonding to match \$30 million from Hennepin County and \$12 million from the Metropolitan Council for the Northwest Metro Busway. Buses would run on a 25-mile corridor from downtown Minneapolis through Golden Valley, Robbinsdale, Crystal, Brooklyn Park, Osseo, Maple Grove, Dayton and Rogers.

Funding from all sources will reconstruct the roadway into a six lane highway with two dedicated bus lanes, acquire right-of-way,

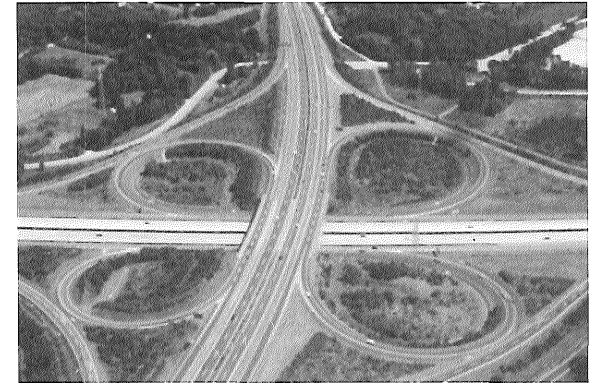
construct transit stations and park and ride lots, and purchase buses.

The busway will relieve traffic in the I-94, I-694, Highway 100 and Highway 169 corridors. Four focus districts along the route will be targeted for major mixed-use redevelopment. Ridership in 2020 will be over 15,000 passengers per day. This is equivalent to two additional highway lanes during peak periods.

Strategic Development Incentives

The Governor also recommends funding for public infrastructure grants to local units of government for redevelopment that is consistent with *The Big Plan* and smart growth principles:

- \$10 million is for the redevelopment grant program of the Department of Trade and Economic Development. This program provides local grants to recycle obsolete properties for new industrial, commercial and residential uses. These grants will be allocated exclusively to projects in greater Minnesota upon recommendation of an advisory panel that includes broad representation from around the state.
- \$10 million is for the livable communities grant program of the Metropolitan Council. This program provides public infrastructure funding to metro-area communities with projects that fully integrate transportation, transit, housing, environmental planning and economic development.



Higher Education

Emphasis on asset preservation and science facilities



Advances in science and technology will shape the 21st century. Students at our state higher education systems need facilities and curriculum that will ensure their success in a rapidly changing world. The Governor's higher education recommendations follow two major themes contained throughout his capital budget – funding for asset preservation and new science facilities.

As part of his statewide asset preservation initiative, \$70 million is recommended for facility repairs at state higher education campuses. The Governor has asked the departments of Finance and Administration to meet with each higher education institution to review their asset preservation needs and identify repair and replacement accounts in their operating budgets. For 2002, the Governor has recommended \$35 million in HEAPR to each of the two higher education systems in order to approximate a 1% funding level.

Similar to his request for a new state health laboratory, the Governor is recommending new or renovated science facilities at Normandale Community College, Winona State University, Moorhead State University, the University of Minnesota-Duluth, and the U of M campus in St. Paul.

University of Minnesota

The Governor's capital budget recommends \$86 million in project funding for the University of Minnesota.

- \$35 million is recommended for higher education asset preservation and replacement (HEAPR). An equal amount is provided as budget planning estimates for 2004 and 2006.

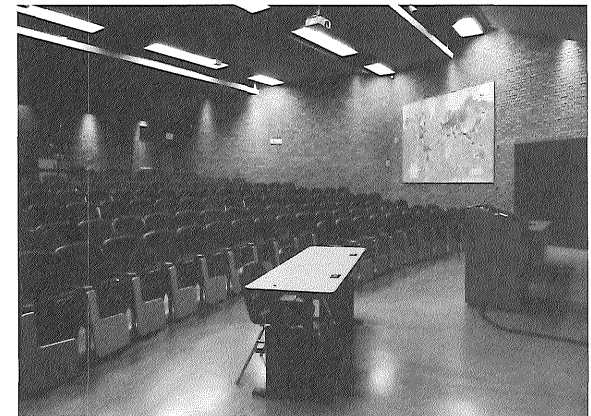
- \$25.5 million is to match \$7.5 million in private funds for construction of the Duluth Laboratory Science Building for UMD science and biology programs.
- \$7.7 million is to replace Bede Hall at the Crookston campus for an improved student services facility.
- \$4 million is for classroom improvements at all four University campuses.
- \$3.4 million is to construct a new plant growth facility at the St. Paul campus.
- \$10 million is for basic renewal of the 110-year-old Nicholson Hall building on the Minneapolis campus.

Minnesota State Colleges and Universities

The Governor's capital budget recommends \$135 million in project funding for the Minnesota State Colleges and Universities.

- \$35 million is recommended for higher education asset preservation and replacement (HEAPR). An equal amount is provided as budget planning estimates for 2004 and 2006.
- \$30 million is for a new science building at Winona State University.
- \$19 million is for a new science laboratory and auditorium addition to Hagen Hall at Moorhead State University.
- \$17.4 million is for a new library and information access center at Metro State University in St. Paul.

- \$12.6 million is to complete the renovation and consolidation of the Minneapolis Community and Technical College.
- \$9.9 million is for science renovations at Normandale Community College.
- \$9.2 million is for a new classroom and computer lab building at Alexandria Technical College.
- \$1.9 million is for systemwide science lab renovations at six MnSCU campuses.



AT A GLANCE: BONDING BILL FUNDING FOR HIGHER EDUCATION

	<u>\$ in millions</u>
1994	208
1996	188
1998	281
2000	231
2002 Governor's Recommendations	221
10-Year Average	226

Environment and Natural Resources

\$40 million recommended for state parks



The Governor is proposing \$139 million for environmental programs to preserve Minnesota's rich natural heritage. The Department of Natural Resources (DNR), Board of Water and Soil Resources (BWSR), Pollution Control Agency (PCA), Public Facilities Authority, Office of Environmental Assistance and the Minnesota Zoo will administer these projects. These initiatives include major renewal of state parks, will provide outdoor recreation and tourism opportunities, address pollution control issues, and protect fish and wildlife habitat.

Governor Ventura's Statewide Park Initiative

The Minnesota State Park system began 111 years ago with the creation of Itasca State Park. Over the years, many of the state's unique natural resources have been set aside in a state park system that not only protects these resources, but provides an opportunity to showcase these treasures to local, national and international audiences.

Each year an estimated 8.5 million visitors come to Minnesota's 80 state parks and recreation areas to rest, recreate, and reconnect with family and friends. However, as the system ages and its backlog of repair projects continues to mount, it's becoming increasingly difficult to maintain a quality system that meets customer needs.

The Governor recommends unprecedented funding of \$40 million for a state park improvement initiative to restore pride in our state parks. This includes:

- \$31 million for major maintenance and repair projects in state parks across Minnesota.
- \$8 million for regional parks in the metro area.
- \$1 million in park acquisition funds for additional land purchases.

The statewide parks initiative will provide a major infusion of funds to eliminate approximately half of the backlog of deferred maintenance in our state parks. Clean, well-maintained facilities will increase visitor satisfaction throughout the park system and bring more visitors to our parks and neighboring communities. When we invite the nation to visit, we must have our house in order.

This initiative will also reduce pressure on the DNR's operating budget and maintenance account by eliminating costly ongoing repairs.

Water Management and Pollution Control

The Governor recommends \$48.5 million for statewide water management and pollution control infrastructure. Funding is recommended to the Public Facilities Authority for \$16 million in loans and \$4 million in grants to local units of government for wastewater improvements. The request provides \$5 in federal money for every \$1 of state match. \$10 million is recommended for PCA's closed landfill program.

\$15.5 million in flood hazard mitigation grants will leverage significant federal and local matching funds. \$3 million in solid waste capital assistance grants will reduce landfill disposal.

Other Environmental Projects

The Governor recommends \$40 million for other capital projects of DNR and BWSR including funds to acquire, develop and protect fish, wildlife and plant habitats in Minnesota.

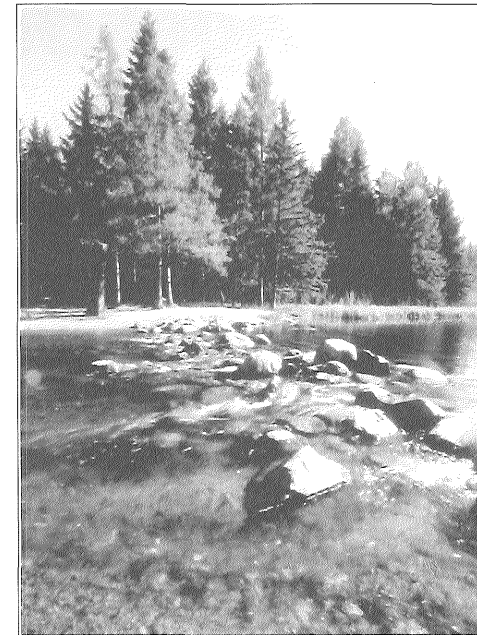
These investments will help restore the ecological integrity of key ecosystems within the state, provide greenways to connect parcels of open space in the Twin Cities metropolitan area, match private donations to the critical habitat match program, and support sustainable hunting and fishing recreation opportunities. Funding is included for asset preservation and for DNR operational facilities.

Minnesota Zoological Garden

The Governor recommends \$3 million for asset preservation and \$7.2 million for design and development of an Asia trail at the Minnesota Zoo, contingent upon 25% private fundraising.

The Minnesota Zoo is now 25 years old. Since its inception, the Zoo has been viewed by visitors as lacking certain elements expected in a major zoo. Although visionary when it was opened in 1978, the zoo must significantly renew its exhibits and facilities to return to earlier levels of prominence in terms of animal management, public experience and educational impact.

The Zoo is presently considering an aggressive master plan with many new exhibits and facility renovations. At this time however, the Governor suggests that the Asia trail is the most cost-effective component in the master plan. This new exhibit will significantly improve the Zoo experience to visitors while adding minimal operating costs.



State Agencies

Basic government projects



Previous chapters have described the Governor's asset preservation initiatives and recommendations to develop new laboratory and office space for the departments of Agriculture, Health, and Human Services.

To complete the funding picture, this chapter identifies additional facilities and capital programs of various state agencies as recommended by Governor Ventura.

Administration

\$1.5 million is recommended for relocation of state agencies, including costs to move the Bureau of Criminal Apprehension to their new facility in St. Paul by April 2003.

Agriculture

Agriculture is a key contributor to the state's economy, a way of life, and the principal land use for much of rural Minnesota. One way the state can support the agricultural economy is by looking for appropriate ways to help farmers lower their cost of production.

The Governor recommends \$15 million in Rural Finance Authority loan participations to help Minnesota farmers reduce their costs and become more competitive in worldwide product markets. RFA purchases a portion of a farmer's first mortgage and the lender reduces the interest rate paid by the farmer on the loan. This program is 100% user-financed. Loan repayments reimburse the state for debt service costs.

Amateur Sports Commission

\$4.25 million is recommended for construction of a sport event center at the National Sports Center in Blaine. This facility will provide much needed

operation space for sporting events and tournaments. The request will be matched with \$1 million in private donations. Additional private funds will be raised for development of a sports medicine clinic adjacent to the sport event center.

Children, Families and Learning

The Governor recommends \$12.4 million for the Red Lake School District. This includes \$3.4 million for construction of elementary school classrooms, \$500,000 for facilities planning, and \$8.5 million for health and safety improvements at the high school and middle school.

Commerce

\$6 million is for the state energy investment loan program for energy-efficiency improvements to city, county and school district buildings. This program is 100% user-financed.

Corrections

The Governor recommends a variety of physical improvements that will increase security at existing correctional facilities and hold down per diem operating costs.

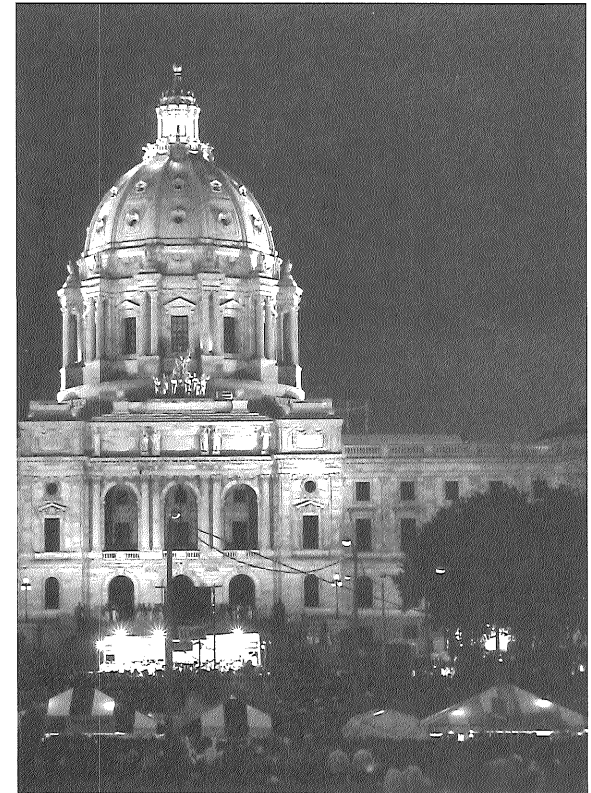
- The Governor recommends \$4.2 million to match \$10.2 million in federal funds to construct a 416-bed offender housing unit at the Lino Lakes correctional facility.
- \$3 million is renovation of a 48-bed living unit for adult female offenders at the Shakopee correctional facility.
- Predesign funding of \$90,000 for a new 150-bed segregation unit at the Stillwater correctional facility.

Housing Finance Agency

The Governor recommends \$4.5 million to match \$8.9 million in local contributions to construct 218 efficiency apartments for homeless men on the grounds of the Veterans Affairs Medical Center campus in Minneapolis.

Veterans Homes Board

The Governor recommends \$766,000 for an Alzheimer's/Dementia unit addition to the Minnesota Veterans Home in Luverne.



Governor's Recommendations

Recommendations by project and funding source (\$ in thousands)

The following projects are recommended by Governor Ventura in his 2002 Capital Budget. Unless otherwise indicated, project funding is recommended from general obligation bond proceeds.

Administration

Statewide CAPRA	17,000
Agency Relocation	1,500 (GF)
Transportation Building Exterior Repair	5,046 (THF)
New State Building--Health/Ag	84,589
Capitol Complex Electrical Work	3,231
Governor's Residence Repair	4,246
	45 (GF)

Agriculture

Rural Finance Authority Loans	15,000 (UF)
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Amateur Sports Commission

Sport Event Center	4,250
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Capitol Area Architectural Planning Board

Capitol Repair	1,933
	646 (GF)
Signage: Capitol Building & Grounds	712

Children, Families & Learning

Red Lake School Renovations	12,400
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Commerce

Energy Investment Loan Program	6,000 (UF)
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Corrections

MCF-LL-Offender Housing Unit	4,160
DOC-Asset Preservation	23,100
MCF-SHK-ILC Renovation	3,070
MCF-STW-New Seg. Unit Predesign	90

Housing Finance Agency

Publicly Owned Transitional Housing	4,461
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Human Services

System-Wide Roof Replacement	2,789
System-Wide Asset Preservation	6,500
System-Wide Building Demolition	2,000
SPRTC-Convert Power Plant	3,619

Metropolitan Council

Northwest Metro Busway	50,000
Livable Communities Grant Program	10,000
Snelling Bus Garage	10,000

Military Affairs

Asset Preservation & Kitchen Repair	2,500
Facility Life/Safety	1,000
Americans with Disabilities Act	857

Minnesota Historical Society

Asset Preservation - Historic Sites	1,500
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Minnesota State Academies

Asset Preservation	1,500
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Minnesota State Colleges & Universities

HEAPR Asset Preservation	35,000
Normandale CC-Science Phase 2	9,900 (UF)
Minneapolis C&TC-Remodel Phase 2	12,625 (UF)
Metro SU-Library & Info Tech Center	17,442 (UF)
Alexandria TC-Classroom/Tech Bldg	9,150 (UF)
Winona SU-New Science Building	30,000 (UF)
MSU Moorhead-New Science Building	18,955 (UF)
Systemwide Science Lab Renovations	1,900 (UF)

Natural Resources	
State Park Initiative	31,000
Metro Regional Parks	8,000
State Park Acquisition	1,000
Field Office Renovations	7,000
Statewide Asset Preservation	2,900
Office Facilities Development	4,600
ADA Compliance	1,000
Fish Hatchery Improvements	300
Dam Repair/Reconstruction/Removal	700
Reforestation	2,500
Forest Roads and Bridges	1,200
Metro Greenways and Natural Areas	1,000
SNA's Acquisition & Development	500
RIM - Wildlife/Critical Habitat	3,000
Stream Protection & Restoration	500
Water Access Acquisition	1,500
State Trail Acquisition/Improvement	2,550
Well Sealing	600
Fisheries Acquisition/Improvement	500
Prairie Bank Easements	500
Flood Hazard Mitigation Grants	15,500
State Forest Land Acquisition	500
Natural and Scenic Area Grants	1,000
State Trail Connections	500
Office of Environmental Assistance	
Capital Assistance Program	3,000
Perpich Center for Arts Education	
Performance Hall Cat Walk	125
Asset Preservation	643
Foodservice Kitchen Renovation	570
Repair & Maintenance Building	326
Pollution Control Agency	
Closed Landfill Bonding	10,000
Trade & Economic Development	
Redevelopment Grant Program	10,000
State Matching Funds	16,000
Wastewater Infrastructure Fund	4,000
	80 (GF)

Transportation	
Northstar Corridor Rail Project	120,000
Local Bridge Replacement Grants	30,000
Operations Support Facility	9,500 (THF)
Mankato Headquarters Building	14,000 (THF)
Communications Digital Conversion	2,000 (THF)
University of Minnesota	
HEAPR Asset Preservation	35,000
St. Paul-Plant Growth Facilities, Phase II	3,400 (UF)
Duluth-Laboratory Science Building	25,500 (UF)
Minneapolis-Nicholson Hall	10,000 (UF)
Systemwide - Classroom Improvements	4,000 (UF)
Crookston - Bede Hall Replacement	7,701 (UF)
Veterans Homes Board	
Hastings Building Preservation	8,553
Silver Bay Roof Replacement	2,345
Asset Preservation	2,000
Luverne Dementia Unit/Wander Area	766
Water & Soil Resources Board	
Reinvest in Minnesota	7,000
Zoological Gardens	
Asia Trail & Exhibits	7,184
Asset Preservation	3,000
Finance	
Bond Sale Expenses	800
<hr/>	
General Obligation Bonding	745,914
User Financed Bonding (UF)	65,828
General Fund Projects (GF)	2,271
Trunk Highway Fund (THF)	30,546
Total - All Projects	<u>\$844,559</u>

Appendix

Supplemental information

HISTORICAL BONDING BILL FUNDING

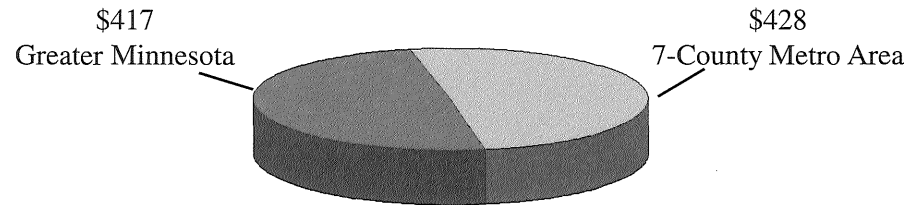
- \$ in millions -

	G.O. Bonding	All Funding Sources
1994	637	739
1996	488	614
1998	484	1,011
2000	460	701
2002 Governor's Recommendations	746	845
10-Year Average	563	782

GOVERNOR'S 2002 CAPITAL BUDGET RECOMMENDATIONS

Project Locations/All Projects

(Dollars in millions)



AT A GLANCE: GOVERNOR'S LOCAL PROJECT RECOMMENDATIONS

Grant programs with regional or statewide significance

	<u>\$ in millions</u>
Local bridge repair and replacement grants	\$30.0
Wastewater loans and grants	20.0
Flood hazard mitigation grants	15.5
Rural finance authority loans	15.0
Red Lake School renovation grant	12.4
Redevelopment grants	10.0
Livable communities grants	10.0
Energy investment loans	6.0
Transitional housing grants	4.5
Natural and scenic area grants	1.0
Trail connection grants5
Total	\$124.9

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**Submitted to the Minnesota Legislature
 January 2002.**

Minnesota Statute 16A.11 requires the Governor to submit a detailed capital budget to the Legislature by January 15 of each even-numbered year. The capital budget must include recommendations of the Governor for capital projects to be funded during the next six years and identify agency requests as prioritized by the agency originating the request.

Executive Summary: 2002-2007 Minnesota Capital Budget identifies agency requests and funding recommendations proposed by Governor Jesse Ventura.

The Minnesota Department of Finance prepared this document.

For additional copies or to obtain this document in an alternate format, contact:

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400 Centennial Building
658 Cedar Street
Saint Paul, MN 55155-1489
651-296-5900

The Minnesota Relay Service phone number is 1-800-627-3529.

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These and other capital budget documents are available on the World Wide Web at www.finance.state.mn.us.

Photos courtesy of the Minnesota Department of Transportation, Minnesota Department of Trade and Economic Development, Tom Foley and the University of Minnesota, David Oakes at Senate Media Services, Edward Johnson at the Minnesota Department of Finance and the Corel Corporation.

Special thanks to Tim Holmquist of the Minnesota Department of Finance and the communications division of the Minnesota Department of Revenue.

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