

Governor's 2022 Capital Budget

Presentation to the Senate Capital Investment Committee

April 6, 2022 | Commissioner Jim Schowalter



m1 MANAGEMENT
AND BUDGET

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



Capital Budget Process



2022 Capital Budget Process

- **March – May:** MMB authorizes Capital Budget System (CBS) users
- **Early May:** MMB publishes instructions and CBS opens for requests
- **June 18:** Deadline for state agency and local government requests
- **July 15:** Preliminary requests published and submitted to Legislature
- **October 15:** Deadline for state agency and local government edits
- **Fall/Winter:** Projects reviewed, including site visits, meetings, and public comments
- **January 18:** Final requests are published and submitted to Legislature with the Governor's Recommendations
- **March 17:** Governor's Revised Recommendations published and submitted to Legislature



Growing Needs for Minnesota's Infrastructure



Nearly \$5.5 Billion in Requests from State Agencies and Political Subdivisions

Over \$4 billion requested in state agency requests for state facilities and local grant programs

Nearly \$1.5 billion requested in direct requests from local governments



Nearly \$150M in Requests from Nonprofit Projects

Nearly \$150 million requested in community-based nonprofit requests for general fund cash projects, as of March 2022



Overview of Governor's Local Jobs and Projects Plan

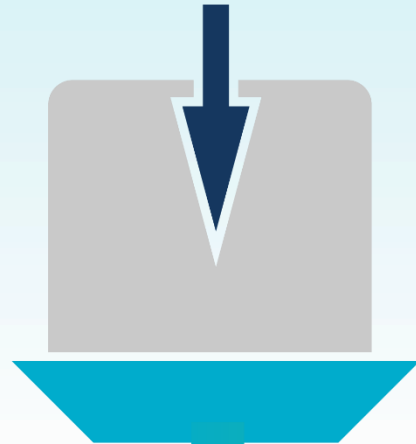


Governor's Local Jobs and Projects Plan

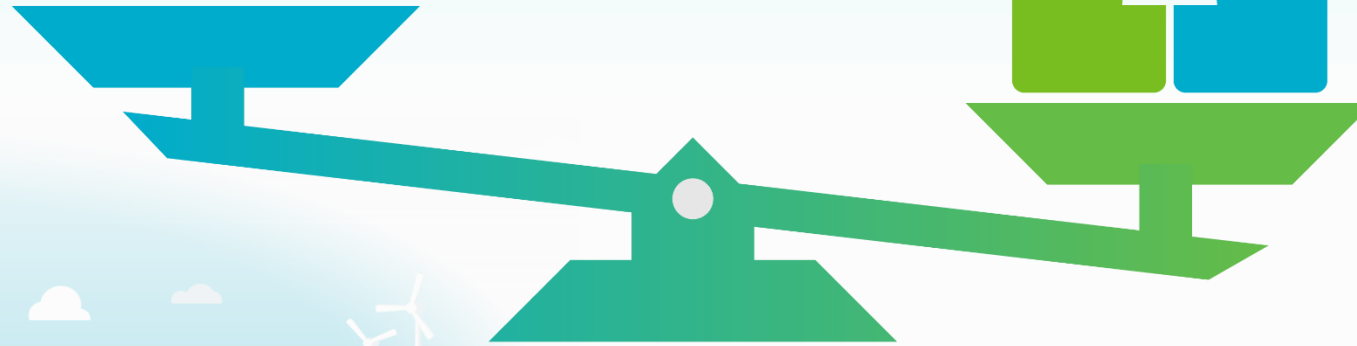


Governor's Local Jobs and Projects Plan

\$2.0 billion
in leveraged funds



\$2.8 billion
Governor's
Recommendations

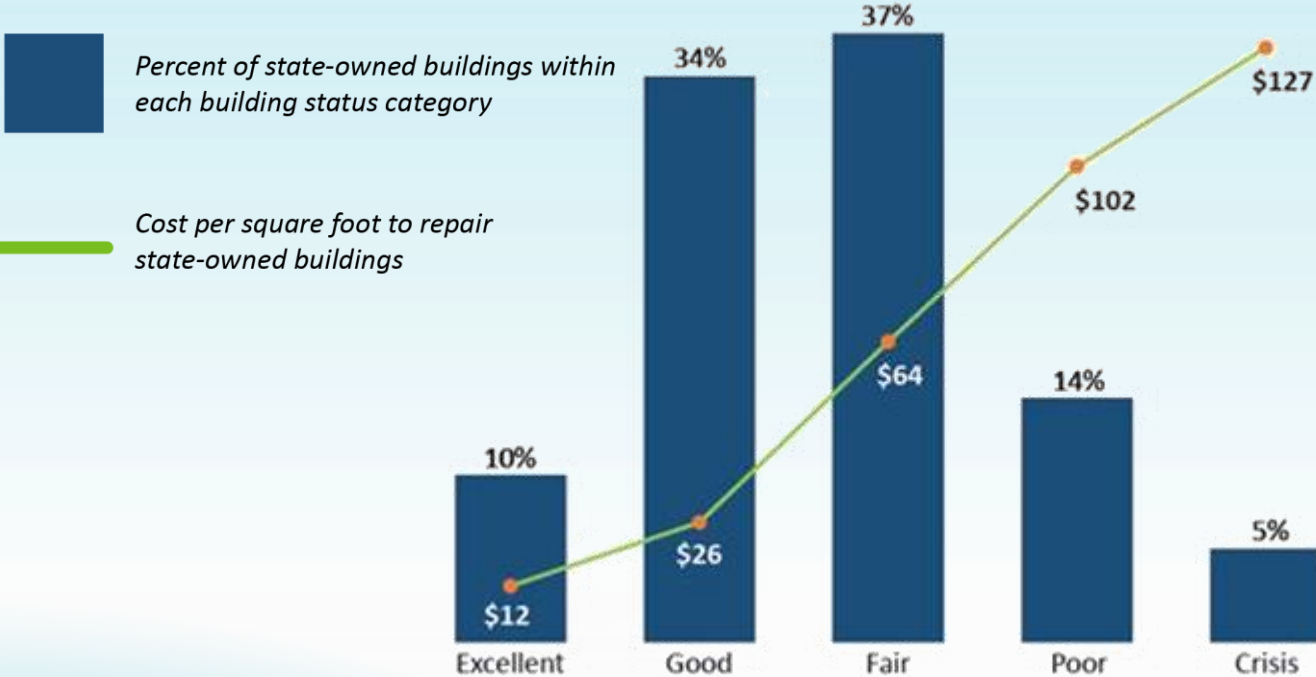




**Asset
Preservation:
Over \$1 billion**



Cheaper to Maintain than Fix



The cost to maintain a building is cheaper than the cost to repair it. The line on the graph above highlights the **cost** per square foot to repair our state-owned buildings depending on the building condition status. The graph also reflects the **percent** of state-owned buildings within each building status category.





**Community
and Equity:
\$391 million**





**Environmental
Stewardship:
\$262 million**



A close-up photograph of several hands of different skin tones cupping a small, white house-shaped icon with a red roof. The hands are positioned in a way that suggests care and support. The background is slightly blurred, showing a person wearing a pink shirt and blue jeans.

**Housing and
Homelessness:
\$452 million**





**Infrastructure:
\$590 million**





**Other:
\$16 million**



Capital Budget Financing



Capital Budget Funding Summary

| | |
|---------------------------------|------------------------|
| General Obligation Bonds | \$2.010 billion |
| Other Financing | \$751 million |
| Appropriation Bonds | \$250 million |
| User-Financed Bonds | \$48 million |
| Trunk Highway Bonds | \$149 million |
| Trunk Highway Cash | \$7 million |
| Equity focused cash investments | \$101 million |
| Other cash investments | \$196 million |
| Total | \$2.762 billion |

Totals above rounded to the nearest million.



Governor's Capital Budget Debt Service and Cash

| General Fund | FY 2023 | FY 2024-25 |
|--|------------------|------------------|
| General Obligation Bonds | \$17,441 | \$139,095 |
| Appropriation Bonds | - | \$10,000 |
| General Fund Cash | \$285,479 | \$2,170 |
| Total General Fund Budgetary Cost | \$302,920 | \$151,265 |

| Trunk Highway Fund | FY 2023 | FY 2024-25 |
|---------------------------------|----------------|-----------------|
| Trunk Highway Bonds | \$1,227 | \$17,870 |
| Trunk Highway Cash | \$7,200 | - |
| Total Trunk Highway Fund | \$8,427 | \$17,870 |

Amounts in thousands



Debt Capacity Guidelines



Guideline #1: Total tax-supported principal outstanding as a percent of personal income

Threshold: < 3.25%
Feb. Forecast: 2.20%



Guideline #2: Total amount of tax-supported principal (both issued, and authorized but unissued) as a percent of state personal income

Threshold: < 6.00%
Feb. Forecast: 3.60%



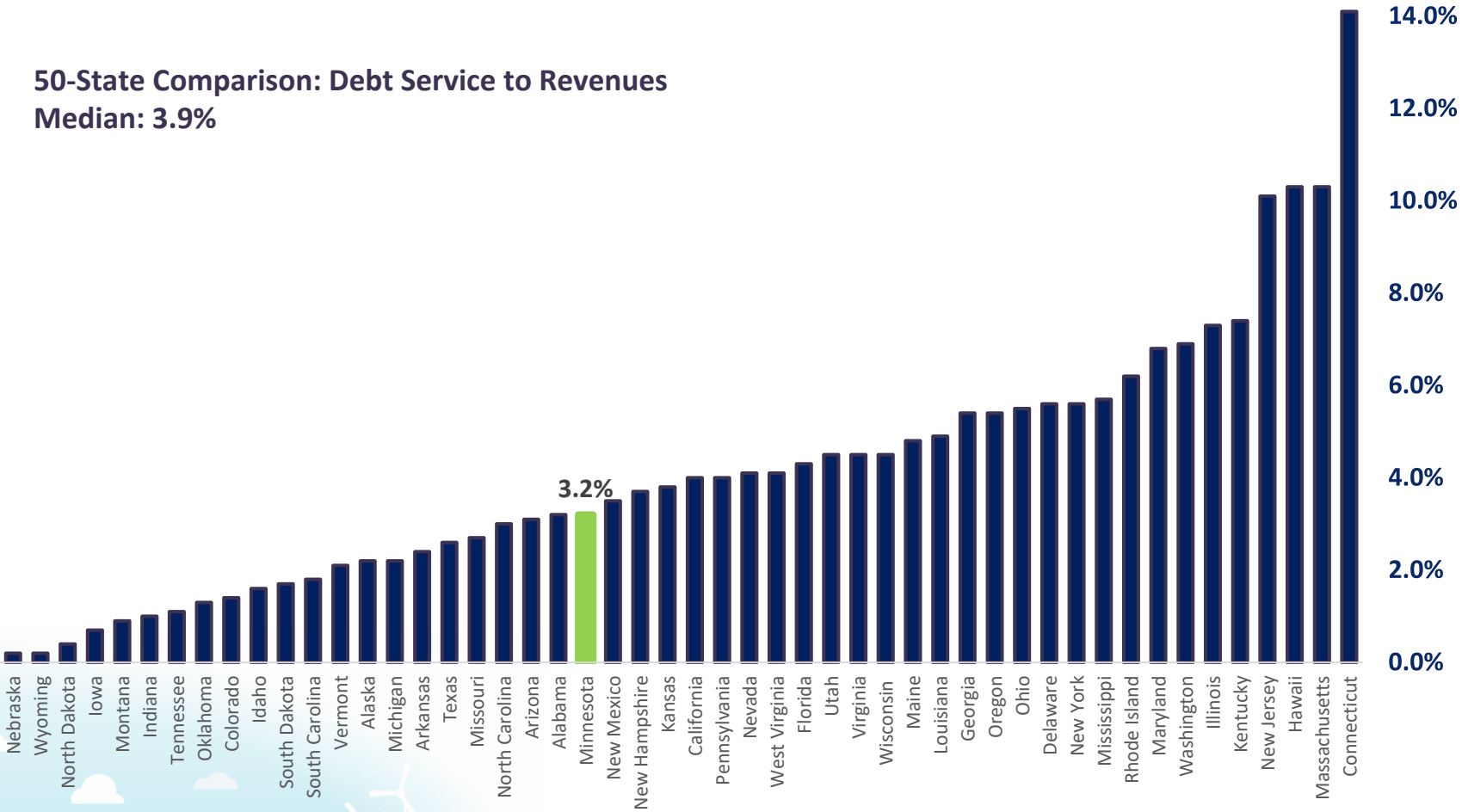
Guideline #3: No less than 40% of G.O. bonds scheduled to mature within five years and 70% of G.O. bonds scheduled to mature within 10 years

Threshold: \geq 40%/70%
Feb. Forecast: 42.2%/74.3%

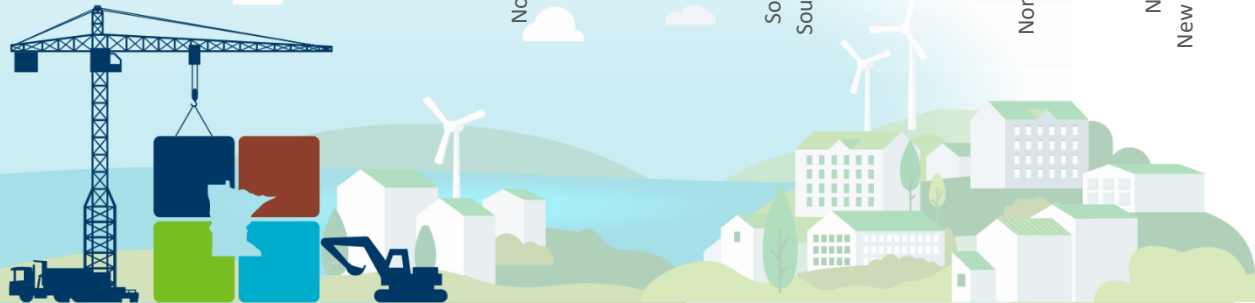


Debt Service to Revenues Comparison

50-State Comparison: Debt Service to Revenues
 Median: 3.9%

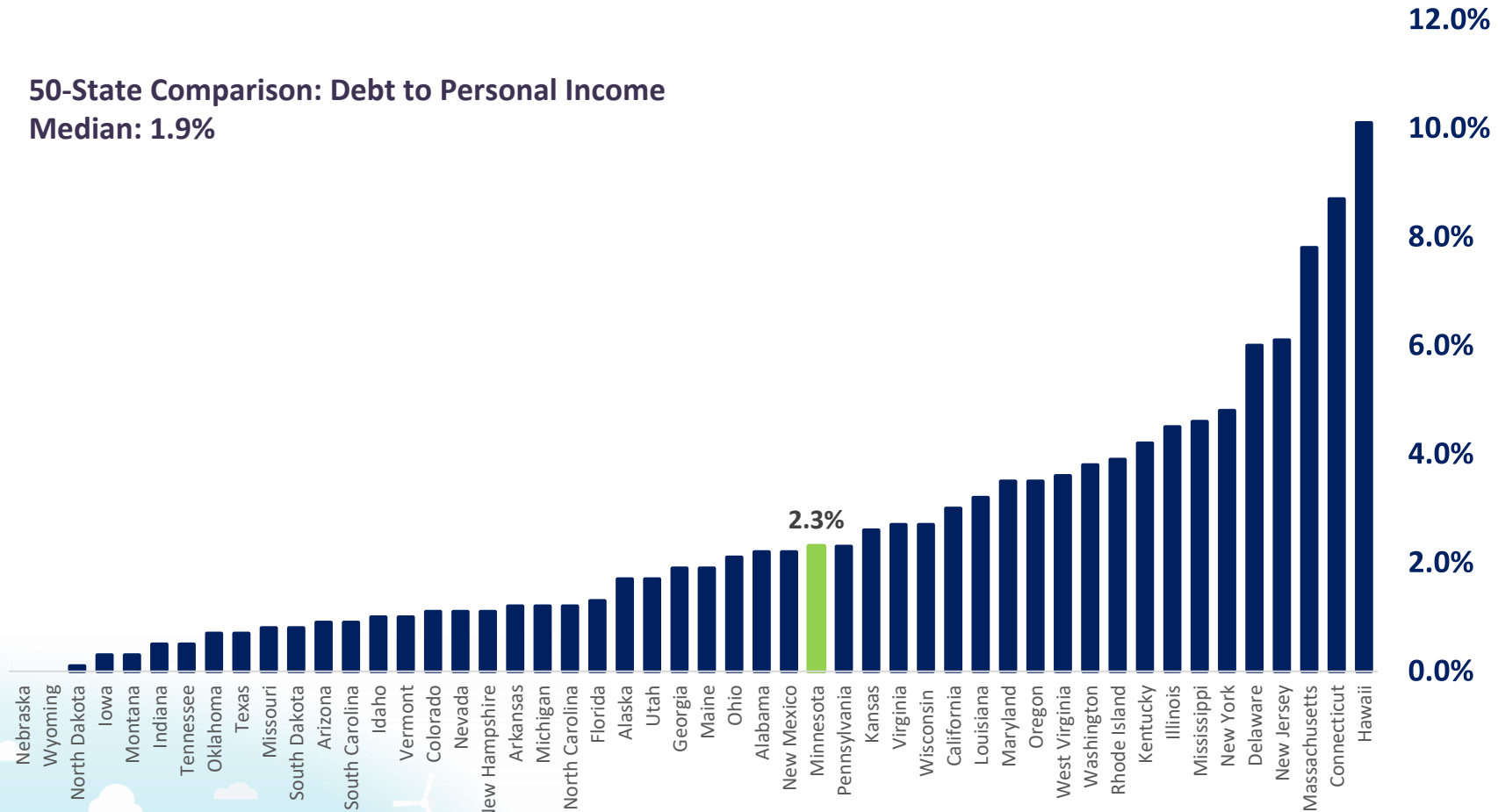


Source: Moody's State Debt Medians 2021, June 14, 2021

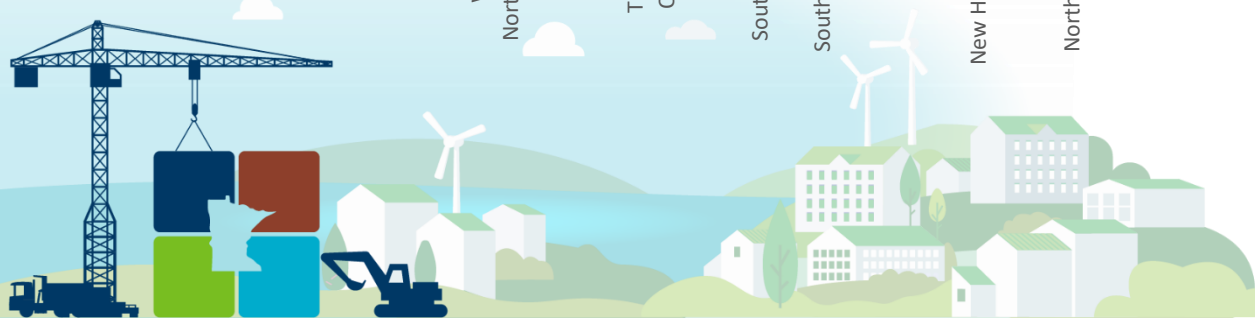


Debt to Personal Income Comparison

50-State Comparison: Debt to Personal Income
Median: 1.9%



Source: Moody's State Debt Medians 2021, June 14, 2021



Capital Budget Materials

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



- Summary Listing of the Governor's Recommendations



- Agency Requests and Recommendations
- Local Government Requests and Recommendations



- Interactive Map





Questions?



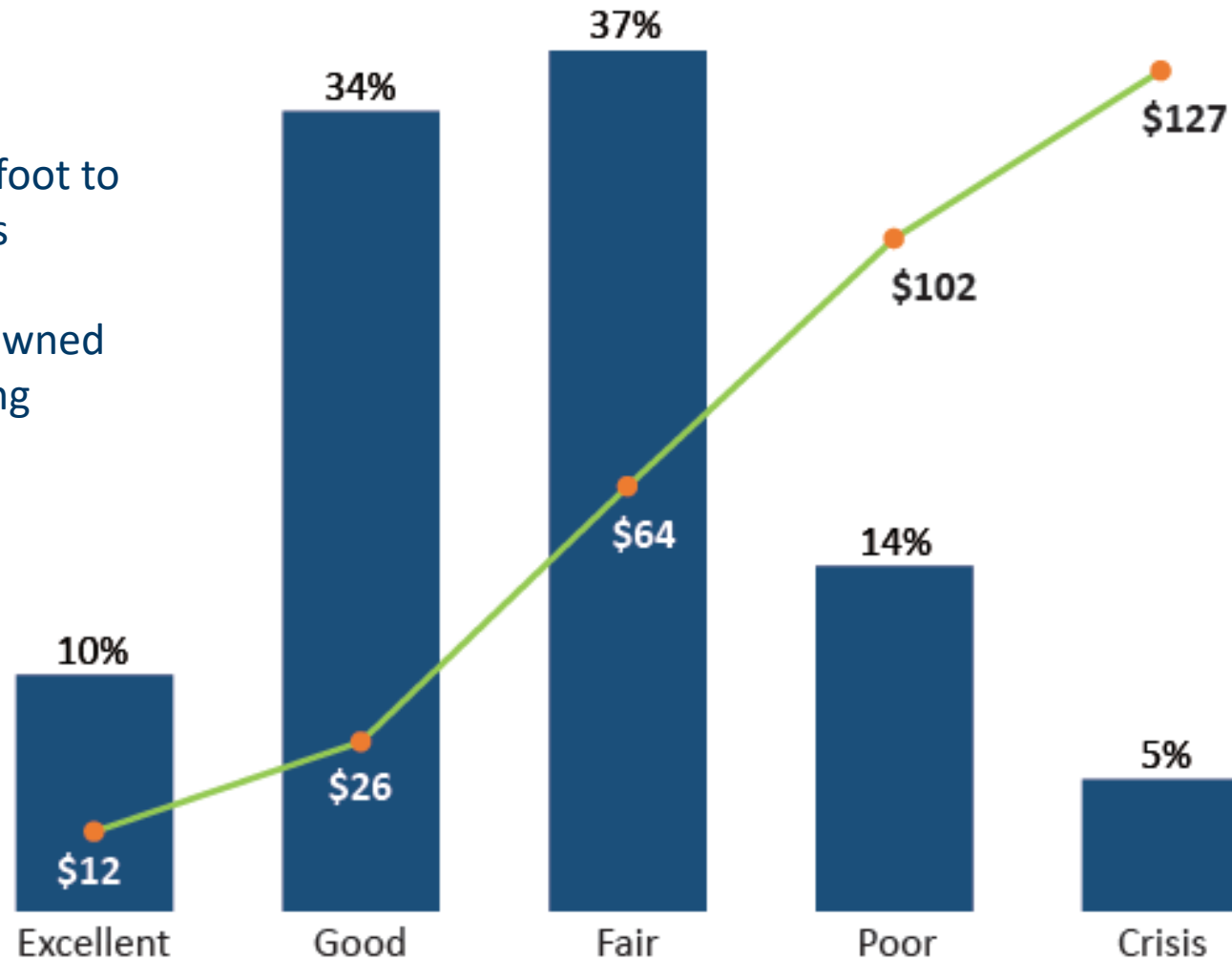
2022 Capital Budget Requests

Senate Capital Investment Committee | April 6, 2022

It's Cheaper to Maintain than Fix

Green line: Cost per square foot to repair state-owned buildings

Blue bars: Percent of state-owned buildings within each building status category



Deferred Maintenance



State Buildings

4,882



Owned square feet

33M+



Replacement Value
(Current)

\$9B



Average Building
Age

41 Years



Deferred
Maintenance

\$1.8B

Request Overview



Improves security on the Capitol Complex



Promotes state leadership towards more efficient and carbon neutral operations



Maintains emergency CAPRA account



Stabilizes the Parking Fund

Parking Fund and CAPRA



**Capital Asset Preservation
and Replacement Account**

\$7.5 million GO



**Capitol Complex Parking Fund
Debt Relief**

\$13 million GF

State Building and Fleet Sustainability and Efficiency



State Building Energy Conservation Revolving Loan Fund

\$10 million GF



State Building Renewable Energy Fund

\$5 million GF



State Fleet Electric Vehicle Charging Infrastructure

\$5 million GF

Building Access, Security, and Demolition



Ford Building Site
3.626 million GO



**ADA Building
Accommodation Fund**
\$1 million GF



**Capitol Complex Security
Upgrades Phase II**
\$33.4 million GO, \$13 million GF

Admin Capital Budget Summary

| Project Title | Ranking | Source | 2022 |
|--|---------|--------|-----------------|
| Capitol Complex Parking Fund Debt Relief | 1 | GF | \$13,000 |
| Ford Building Site | 2 | GO | \$3,626 |
| CAPRA (Capital Asset Preservation and Replacement Account) | 3 | GO | \$7,500 |
| State Building Energy Conservation Revolving Loan Fund | 4 | GF | \$10,000 |
| State Building Renewable Energy Fund | 5 | GF | \$5,000 |
| Electric Vehicle Charging Infrastructure | 6 | GF | \$5,000 |
| Capitol Complex Security Upgrades Phase II | 7 | GO | \$33,400 |
| | | GF | \$13,000 |
| ADA Building Accommodation Fund | 8 | GF | \$1,000 |
| General Obligation Bonds (GO) Total | | | \$44,526 |
| General Fund (GF) Total | | | \$47,000 |
| Total Project Requests | | | \$91,526 |

Alice Roberts-Davis, Commissioner