Governor Walz and Lieutenant Governor Flanagan's 2024 Infrastructure Plan

Presentation to the Senate Capital Investment Committee

February 22, 2024 | Commissioner Erin Campbell





Agenda

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





Capital Budget Process





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





2024 Capital Budget Process

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





2024 Site Visits



Growing Needs for Minnesota's Infrastructure





\$7.6 billion in total requests:

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

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

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

As of January 2024





State Agency Building Deferred Maintenance Grew 74% Since 2015

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

State Agencies: \$2.196 billion

Minnesota State: \$1.55 billion

University of Minnesota: \$2.7 billion



State Agency Deferred Maintenance: \$2.196 Billion



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









Urgency to Invest in Asset Preservation

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

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Cheaper to Maintain Than Fix





Overview of the Governor's Infrastructure Plan





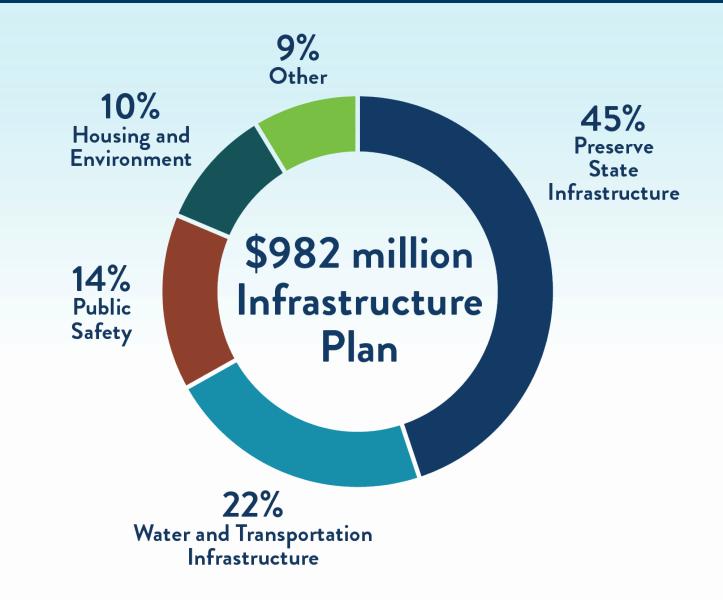
Key Themes in the Governor's Recommendation

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





Governor's 2024 Infrastructure Plan







Preserve State Infrastructure: \$441 million



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







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Water and Transportation Infrastructure: \$216 million



Water and Transportation Infrastructure: \$216 million

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





Public Safety: \$143 million

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Public Safety: \$143 million

• \$75 million for DPS investments

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





Housing and Environment: \$98 million



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





Other: \$85 million



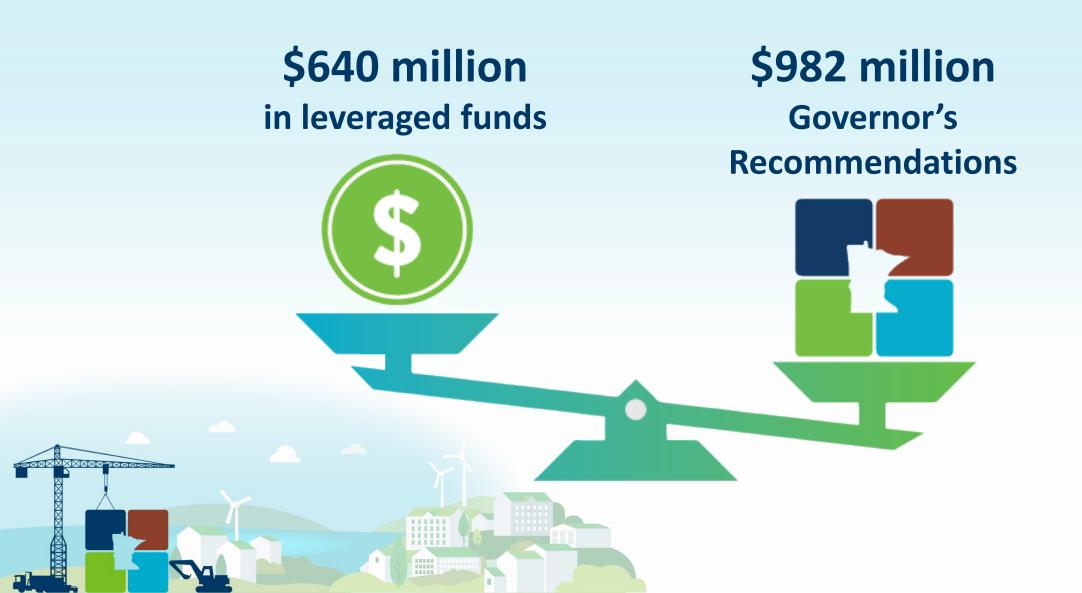
Other: \$85 million

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





Leveraged Funds from the Governor's 2024 Infrastructure Plan





Capital Budget Financing





Capital Budget Funding Summary

 General Obligation Bonds	\$830 million	
 General Obligation (GO) Bonds	\$819 million	
 User-Financed GO Bonds	\$11 million	
Other Financing	\$152 million \$50 million \$74 million \$28 million	
Appropriation Bonds		
Trunk Highway Cash		
General Fund Cash		
Total	\$982 million	
	Totals above rounded to the nearest million	

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Biennial Impact of the Governor's Recommendations

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

General Fund	FY 2024-25	FY 2026-27
General Obligation Bonds	\$(181)	\$(1,371)
Appropriation Bonds	-	\$1,000
General Fund Cash	\$28,000	-
Total General Fund	\$27,819	\$(371)
Trunk Highway Fund	FY 2024-25	FY 2026-27
Trunk Highway Cash	\$74,450	-
Total Trunk Highway Fund	\$74,450	\$0

Amounts in thousands



Capital Budget Materials

Materials are available on MMB's "Current Capital Budget" website:

https://mn.gov/mmb/budget/capital-budget/current/







Questions?

