



2023 Capital Investment Appropriations Update Senate Capital Investment Committee

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Capital Investment Grant Process Overview

Capital Investment Grant Process Introduction

- DEED and the Minnesota Department of Management and Budget (MMB) each play significant, but different, roles in helping grantees on their capital investment projects.
- The Department of Administration's State Architect and other state entities could also have project roles; including providing required approvals.

Pre-grant Application Requirements

- DEED works through the **grantee**, not any counterparties, to help implement and manage the project.
- Bond funds can **only** be used for the **specific items** included in the grant appropriation language.
- Grantees may not begin work on the project before receiving permission from DEED. Work done before **enactment** will **not be reimbursable** with grant funds unless the legislation allows it.
- After **project completion**, the use and function of the project cannot change over its useful life without repayment to the state.

Required Pre-grant Application Materials

- Pre-Engineering or architectural cost estimate documents
- Evidence of property ownership (if in possession at time of application)
- Capital Project Checklist
- Conflict of Interest Disclosure
- DEED Provided Local Government Resolution
- Site location and zoning maps
- Photos (if applicable)

Pre-grant Approval Requirements

- MMB must certify and approve full project funding to ensure that all necessary financing is secured and in place.
- Predesign approval is needed from the State Architect.
- Minnesota Department Administration approval is required for projects with total construction costs of \$1.5 million or more.

Implementation Requirements

- Project must be competitively procured (local bidding follows state standards);
- Project is or would be properly insured;
- Use of debarred, suspended, or ineligible contractors is prohibited;
- State prevailing wage standards apply;
- Certificate of Occupancy or building inspector sign-off (if applicable).

Use and Lease Agreement Approval

- MMB must approve Use/Lease Agreements if they apply to the project.
- Required if the project would be operated by an entity (whether public or private) other than the public entity receiving the grant.
- May apply if the project would be frequently used by one or more entities.

Grant Agreements

- A fully signed Grant Contract Agreement must be in place before any grant Reimbursement Payment Request (RPR) can be submitted, reviewed and considered for payment by DEED.
- Grant funds are not available to the Grantee until necessary contract elements are satisfied (including the Grant Contract Agreement Section “Conditions Precedent to any Advance”).
- Grantee Representatives need to be fully conversant of all elements of the Grant Contract Agreement.

Prohibition on Grant Recipient Administrative Costs

- Non-bondable administrative costs are not allowed as an eligible bond expense and are not considered part of the project.
- Grantee staff time is not an allowable expense, nor is labor of municipal crews.

Grant Monitoring

- Annual reports are required each year, and a final report must be submitted when the project is complete. The reports must be completed with DEED provided forms. Remaining funds will not be released until the final report is accepted by DEED.
- All grants will be monitored (including for financials and on-site if possible) at least once over their life.
- Larger dollar grants will be monitored annually.

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Grant Agreements Executed or Near Final

- 46 Project Grant Agreements in place
 - 19 are Local Units of Government – Total Appropriation Amount: \$80,864,000
 - 27 are Nonprofits – Total Appropriation Amount: \$61,490,000
- 3 Project Grant Agreements in Final Stages
 - All Local Units of Government – Total Appropriation Amount: \$13,330,000

Grant Agreement Still In Process

- 68 Project Agreements Still In process (at various stages)
 - 31 are Local Units of Government – Total Appropriation Amount: \$123,412,000
 - 37 are Nonprofits – Total Appropriation Amount: \$87,885,000

Reasons Grant Agreements are Still in Process

- Projects lack full funding – high majority of the unexecuted projects
 - Currently fundraising
 - Project cost more than originally budgeted for (e.g. due to inflation)
- Required legislative fixes to execute the planned project.
- Grantee has not yet produced the required documentation to advance to a grant agreement.

Questions?