

2002-07
Minnesota
Capital Budget

Presented by
Governor Jesse Ventura
to the 82nd Legislature



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2002-07 CAPITAL BUDGET

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ENVIRONMENT AND NATURAL RESOURCES

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The *Executive Summary* of the 2002-2007 Minnesota Capital Budget and 9-volume set of detailed requests can be viewed at the Department of Finance's web site at: www.finance.state.mn.us

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STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Strategic Priority	Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006
Administration, Department of									
Statewide CAPRA	1	470	GO	27,700	25,000	25,000	17,000	17,000	17,000
			GF	300	0	0	0	0	0
Agency Relocation	2	270	GF	7,601	1,500	3,000	1,500	0	0
DOT Exterior Repair	3	235	THF	5,046	4,720	5,044	5,046	4,720	5,044
New State Buildings	4	445	GO	84,589	0	0	84,589	0	0
			GF	0	9,200	0	0	9,200	0
Renovation of 1246 University	6	265	GO	11,827	0	0	0	0	0
			GF	0	300	0	0	0	0
Capitol Complex Electrical Work	7	350	GO	3,231	0	0	3,231	0	0
Governor's Residence Renovation & Repair	8	275	GO	4,246	0	0	4,246	0	0
			GF	45	0	0	45	0	0
Stassen Buildout/Rice & University Predesign	9	245	GO	2,730	4,407	0	0	0	0
			GF	427	0	0	0	0	0
Property Acquisition	10	140	GO	1,500	7,500	15,000	0	0	0
New State Buildings			GO	0	75,000	75,000	0	0	0
Administration Ramp Replacement			GO	0	0	6,000	0	0	0

Funding Source

GF = General Fund
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GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
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Project description	Agency Strategic Priority Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
			F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Administration, Department of

IT Data Center		GO	0	0	300	0	0	0
Environmental Cluster Predesign		GO	0	0	300	0	0	0
Cedar Street Armory Demolition		GO	0	0	1,500	0	0	0

Project Total	\$149,242	\$127,627	\$131,144	\$115,657	\$30,920	\$22,044
General Obligation Bonding	\$135,823	\$111,907	\$123,100	\$109,066	\$17,000	\$17,000
General Fund Projects (GF)	\$8,373	\$11,000	\$3,000	\$1,545	\$9,200	\$0
Trunk Highway Fund (THF)	\$5,046	\$4,720	\$5,044	\$5,046	\$4,720	\$5,044

Agriculture, Department of

Rural Finance Authority Loan Participation	1	400	GO/UF	20,000	20,000	20,000	15,000	15,000	15,000
Minnesota Farmers Market Hall	2	221	GO	11,597	0	0	0	0	0
Expansion of Metro Greenhouse & Storage Bay	3	175	GO	292	0	0	0	0	0

Project Total	\$31,889	\$20,000	\$20,000	\$15,000	\$15,000	\$15,000
General Obligation Bonding	\$11,889	\$0	\$0	\$0	\$0	\$0
User Finance Bonding	\$20,000	\$20,000	\$20,000	\$15,000	\$15,000	\$15,000

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				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Amateur Sports Commission

Sport Event Center	1	316	GO	5,250	0	0	4,250	0	0
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Project Total	\$5,250	\$0	\$0	\$4,250	\$0	\$0
General Obligation Bonding	\$5,250	\$0	\$0	\$4,250	\$0	\$0

Capitol Area Architectural Planning Bd

Capitol Building: Interior Renovation Design	1	350	GO	2,111	25,281	36,324	0	0	0
Capitol 2005: Restore Floors G-2 & Hist. Elevators	2	325	GO	1,933	0	3,305	1,933	0	3,305
			GF	646	0	0	646	0	0
Signage: Capitol Building and Grounds	3	300	GO	712	0	156	712	0	156
Predesign/Design & Const. for New Capitol Annex			GO	0	276	55,300	0	0	0

Project Total	\$5,402	\$25,557	\$95,085	\$3,291	\$0	\$3,461
General Obligation Bonding	\$4,756	\$25,557	\$95,085	\$2,645	\$0	\$3,461
General Fund Projects (GF)	\$646	\$0	\$0	\$646	\$0	\$0

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Children, Families & Learning

Early Childhood Facilities Grants	1	275	GO	5,000	5,000	5,000	0	0	0
Red Lake School Additions and Renovations	2	300	GO	40,125	0	0	12,400	0	0
Public Library Accessibility Grants	3	260	GO	1,000	1,000	1,000	0	0	0
Library for the Blind Renovation	4	200	GO	500	9,824	0	0	0	0

Project Total	\$46,625	\$15,824	\$6,000	\$12,400	\$0	\$0
General Obligation Bonding	\$46,625	\$15,824	\$6,000	\$12,400	\$0	\$0

Commerce, Department of

Energy Investment Loan Program	1	400	GO/UF	6,000	6,000	6,000	6,000	6,000	6,000
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Project Total	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
User Finance Bonding	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000

Funding Source

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Corrections, Department of

MCF-LL - 416-Bed Offender Housing Unit	1	356	GO	4,160	0	0	4,160	0	0
DOC - Asset Preservation	2	445	GO	23,100	15,000	15,000	23,100	15,000	15,000
MCF-SHK - ILC Renovation & Support Space	3	250	GO	3,070	0	0	3,070	0	0
MCF-STW - New Seg. Unit Design/Pre-design	4	260	GO	906	0	0	90	0	0
MCF-RW - New Vocational Building	5	260	GO	4,938	0	0	0	0	0
MCF-FRB - Kitchen Renovation Pre-design/Design	6	135	GO	346	0	0	0	0	0
MCF-WR/ML - Activities Building	7	195	GO	1,523	0	0	0	0	0
MCF-SCL - New Vocational Building	8	100	GO	8,070	0	0	0	0	0
MCF-SHK - 62-Bed Living Unit (Phase II)			GO	0	3,409	0	0	0	0
MCF-STW - Renovation of Old Ed & Admin Bldg.			GO	0	1,500	0	0	0	0
MCF-STW - Electronic Locks for CHA & CHD			GO	0	4,000	0	0	0	0
MCF-OPH - Security System Upgrade			GO	0	4,029	0	0	0	0
MCF-WR/ML - Industry Warehouse - ML			GO	0	596	0	0	0	0
MCF-WR/ML - Vehicle Garage - ML			GO	0	148	0	0	0	0
MCF-WR/ML - Kitchen Expansion - WR			GO	0	34	0	0	0	0
MCF-WR/ML - Industry Building Addition - ML			GO	0	51	708	0	0	0

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Corrections, Department of								
MCF-WR/ML – Building Maint. Shop – ML		GO	0	116	0	0	0	0
MCF-STW – Electrical Upgrade – Industry		GO	0	800	0	0	0	0
MCF-STW – Sewer Vent – Replace Water Main		GO	0	2,000	0	0	0	0
MCF-STW – Receiving Complex & Warehouse		GO	0	17,608	0	0	0	0
MCF-STW – Tuckpointing		GO	0	800	0	0	0	0
MCF-STW – Master Control Renovation		GO	0	1,611	0	0	0	0
MCF-OPH – Razor Ribbon Replacement		GO	0	350	0	0	0	0
MCF-SCL – Replace Facility Sewer System		GO	0	3,214	0	0	0	0
MCF-SCL – Replace Phone Equipment & Lines		GO	0	444	0	0	0	0
Dept. – Roof & Window Replacement		GO	0	7,776	7,776	0	0	0
MCF-SCL – Expand Floor – Balcony Level		GO	0	0	318	0	0	0
MCF-SCL – Toilet Carrier Replacement		GO	0	0	493	0	0	0
MCF-SCL – Remodel Administration Building		GO	0	0	4,504	0	0	0
MCF-SCL – Facility Climate Control		GO	0	0	1,291	0	0	0
MCF-SCL – Construct New Warehouse		GO	0	0	1,171	0	0	0
MCF-SCL – Retube Boilers		GO	0	0	517	0	0	0

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Corrections, Department of

MCF-SCL - Upgrade Security System	GO	0	0	749	0	0	0
MCF-RW - New Living Unit	GO	0	0	1,470	0	0	0
MCF-LL - Replace HVAC Systems - Living Units	GO	0	0	700	0	0	0
MCF-SCL - Loop Wiring, High Voltage	GO	0	0	350	0	0	0
MCF-SCL - Install Sprinkler System	GO	0	0	500	0	0	0
MCF-RW - Admin. Building Porch Repair	GO	0	0	125	0	0	0
MCF-STW - Second Floor Kitchen Renovation	GO	0	0	75	0	0	0

Project Total	\$46,113	\$63,486	\$35,747	\$30,420	\$15,000	\$15,000
General Obligation Bonding	\$46,113	\$63,486	\$35,747	\$30,420	\$15,000	\$15,000

Finance, Department of

Bond Sale Expenses	1	GO	800	800	800	800	459	459
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Project Total	\$800	\$800	\$800	\$800	\$459	\$459
General Obligation Bonding	\$800	\$800	\$800	\$800	\$459	\$459

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Grants to Political Subdivisions

Regional Sludge Management Demonstration Project	ARL-1	GO	500	0	0	0	0	0
Blazing Star Trail	AUS-1	GO	2,500	0	0	0	0	0
Bayport Storm Sewer Reconstruction	BAY-1	GO	1,550	0	0	0	0	0
Bloomington Center for the Arts	BLO-1	GO	1,000	0	0	0	0	0
Dakota County Flood Mitigation	DAK-1	GO	750	0	0	0	0	0
Coleraine Street and Utility Improvements	COL-1	GO	50	250	0	0	0	0
North Shore Sanitary Districts	DUA-1	GO	11,638	0	0	0	0	0
Duluth -- Aerial Lift Bridge Repainting	DUL-1	GO	1,900	0	0	0	0	0
Eveleth Sanitary Sewer Collection Improvements	EVE-1	GO	251	0	0	0	0	0
Duluth -- Spirit Mountain Improvements	DUL-2	GO	3,175	0	0	0	0	0
Municipal Solid Waste Combustor Replacement	FF-1	GO	1,150	0	0	0	0	0
Fergus Falls Public Library Expansion	FF-2	GO	1,835	0	0	0	0	0
Visitor Center at Historic Murphy's Landing	HP-1	GO	3,191	0	0	0	0	0
Campaign for the Children's Theatre Company	HEN-1	GO	12,000	0	0	0	0	0
Colin Powell Youth Leadership Center	HEN-2	GO	6,000	0	0	0	0	0
Restoration of Historic Fort Belmont	JAC-1	GO	200	200	100	0	0	0

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Grants to Political Subdivisions

Regional Cold Weather Testing Facility	KOO-1	GO	3,628	0	0	0	0	0
Big Bear Education Center	KOO-2	GO	6,200	0	0	0	0	0
Trollwood Performing Arts School	MOR-1	GO	5,500	0	0	0	0	0
Minneapolis Park Improvements	MPB-1	GO	33,102	0	0	0	0	0
Minneapolis Empowerment Zone Projects	MPL-1	GO	12,000	7,900	8,400	0	0	0
Minnesota Space Discovery Center & Planetarium	MPL-2	GO	30,000	0	0	0	0	0
Guthrie Theater on the River	MPL-3	GO	35,000	0	0	0	0	0
Minnesota Shubert Performing Arts Center	MPL-4	GO	10,000	0	0	0	0	0
Minnesota Valley Academy	MPS-1	GO	3,500	0	0	0	0	0
Minnetonka -- Affordable Scattered Site Housing	MTK-1	GO	1,000	0	0	0	0	0
Glencoe -- Railroad Switching Yard	MTK-1	GO	796	0	0	0	0	0
Casey Jones Trail	MUR-1	GO	4,200	3,400	3,600	0	0	0
Minnesota Prairie Line Rehabilitation	MV-1	GO	7,500	0	0	0	0	0
Olmsted County Materials Recovery Facility	OLM-1	GO	3,000	0	0	0	0	0
Minnesota Center for Agricultural Innovation	OLV-1	GO	2,000	0	0	0	0	0
Pipestone County Museum Improvements	PIP-1	GO	125	0	0	0	0	0

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Grants to Political Subdivisions

Gibbs Museum Interpretive Center	RAM-1	GO	137	1,436	0	0	0	0
Regional Public Safety Training Center	ROC-1	GO	550	1,286	0	0	0	0
The New Rochester Arts Center	ROC-2	GO	2,300	0	0	0	0	0
DM&E Railroad Corridor Mitigation	ROC-3	GO	50,000	0	0	0	0	0
Improving Access to the Ports of Savage	SAV-1	GO	11,500	0	0	0	0	0
St. Louis Park -- Pedestrian/Trail Crossing	SLP-1	GO	492	0	0	0	0	0
St. Paul -- The New Roy Wilkins Auditorium	STP-1	GO	70,000	0	0	0	0	0
St. Paul -- Phalen Boulevard	STP-2	GO	8,000	0	0	0	0	0
St. Paul -- Como Park Conservatory Restoration	STP-3	GO	2,700	0	0	0	0	0
St. Paul -- 2004 Renaissance Project	STP-4	GO	8,375	0	0	0	0	0
Neighborhood House/El Rio Vista Facility Expansion	STP-5	GO	5,000	0	0	0	0	0
American Lung Association Healthy Design Project	STP-6	GO	3,000	0	0	0	0	0
St. Cloud Civic Center Expansion	ST-1	GO	45,000	0	0	0	0	0
Central Minnesota Regional Parks and Trails	STC-1	GO	8,560	0	0	0	0	0
New Ulm Recreational Trail	ULM-1	GO	1,150	0	0	0	0	0
Virginia/Eveleth Progress Park Expansion	VEE-1	GO	1,500	0	0	0	0	0

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Grants to Political Subdivisions

District Steam Heating System Infrastructure	VIR-1	GO	5,000	0	0	0	0	0
Northeast Park Community Center -- Waseca	WAS-1	GO	1,800	0	0	0	0	0
WMEP Southwest Integration Magnet School	WES-1	GO	27,714	0	0	0	0	0
Winona Harbor Intermodal Transp Improvements	WIN-1	GO	6,300	0	0	0	0	0

Project Total	\$464,319	\$14,472	\$12,100	\$0	\$0	\$0
General Obligation Bonding	\$464,319	\$14,472	\$12,100	\$0	\$0	\$0

Health, Department of

Dental Clinic at State Colleges and Universities	150	GO	775	0	0	0	0	0
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Project Total	\$775	\$0	\$0	\$0	\$0	\$0
General Obligation Bonding	\$775	\$0	\$0	\$0	\$0	\$0

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Housing Finance Agency

Publicly Owned Transitional Housing Loans	1	285	GO	19,500	2,500	2,500	4,461	2,500	2,500
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Project Total	\$19,500	\$2,500	\$2,500	\$4,461	\$2,500	\$2,500
General Obligation Bonding	\$19,500	\$2,500	\$2,500	\$4,461	\$2,500	\$2,500

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Human Services, Department of									
System-Wide Roof Replacement	1	470	GO	2,789	4,167	2,145	2,789	1,500	1,500
System-Wide Asset Preservation	2	470	GO	6,500	8,450	8,400	6,500	4,000	4,000
FFRTC – Upgrade Program Facilities	3	385	GO	3,000	3,000	0	0	0	0
System-Wide Building/Structure Demolition	4	395	GO	2,250	1,650	1,065	2,000	1,650	1,065
BRHSC – Building #20 Improvements	5	315	GO	6,305	0	0	0	0	0
SPRTC – Convert Power Plant to Low Pressure	6	280	GO	3,619	0	0	3,619	0	0
BRHSC – Convert Power Plant to Low Pressure	7	255	GO	2,965	4,414	0	0	0	0
AGC – B/C Residential Unit Remodeling			GO	0	2,750	0	0	0	0
AGC – A/D Residential Unit Remodeling			GO	0	2,750	0	0	0	0
AMRTC – Remodel Miller Building			GO	0	6,000	0	0	0	0
AMRTC – Construct Vehicle Maintenance/Storage Bldg			GO	0	250	0	0	0	0
BRHSC – Remodel Dietary Department			GO	0	1,000	0	0	0	0
MSPPTC – Reconfigure Industry Ship/Rec. Area			GO	0	250	0	0	0	0
MSPPTC – Construct Storage Building			GO	0	100	0	0	0	0
SPRTC – Bartlett/Sunrise Building Improvements			GO	0	4,000	0	0	0	0
SPRTC – Storm/Sanitary Sewer Separation/Upgrades			GO	0	1,500	0	0	0	0

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			F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Human Services, Department of

AGC - B/C Residential Unit Remodeling	GO	0	2,750	0	0	0	0	0
BRHSC - Building #19 Improvements	GO	0	6,200	0	0	0	0	0
SPRTC - Phase II Upgrade Shantz & Pexton	GO	0	9,500	0	0	0	0	0
AGC - Remodel E-Building & Install Elevator	GO	0	0	3,200	0	0	0	0
AGC - Install Fire Sprinklers	GO	0	0	1,100	0	0	0	0
MSSPTC - Construct 50-Bed Addition	GO	0	0	9,900	0	0	0	0
WRTC - Upgrade HVAC/Mechanical Systems Bldg. #8	GO	0	0	1,500	0	0	0	0

Project Total	\$27,428	\$58,731	\$27,310	\$14,908	\$7,150	\$6,565
General Obligation Bonding	\$27,428	\$58,731	\$27,310	\$14,908	\$7,150	\$6,565

Funding Source

GF = General Fund
GO = General Obligation Bonds

OTH = Other Funding Sources
THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund
UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Iron Range Resources & Rehabilitation Bd

Mesabi Station	1	229	GO	2,783	0	0	0	0	0
Giants Ridge Sports Dorm Renovation	2	250	GO	441	0	0	0	0	0
Giants Ridge Chalet/Winter Sports Operations	3	170	GO	939	0	0	0	0	0
Giants Ridge Magic Carpet	4	150	GO	71	0	0	0	0	0
Ironworld Library Expansion	5	125	GO	652	0	0	0	0	0
Ironworld Interpretive Center Energy Efficiency	6	145	GO	1,439	0	0	0	0	0
Ironworld Discovery Center Roof Replacement	7	155	GO	218	0	0	0	0	0
Ironworld Water and Sewer Upgrade/Extension	8	95	GO	284	0	0	0	0	0

Project Total	\$6,827	\$0	\$0	\$0	\$0	\$0
General Obligation Bonding	\$6,827	\$0	\$0	\$0	\$0	\$0

Funding Source

GF = General Fund
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STATE OF MINNESOTA
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GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Metropolitan Council

Northwest Metro Busway	1	351	GO	50,000	50,000	50,000	50,000	0	0
Livable Communities Grant Program	2	275	GO	10,000	10,000	10,000	10,000	10,000	10,000
Snelling Bus Garage	3	336	GO	10,000	10,000	10,000	10,000	0	0
Transit Passenger Facilities	4	200	GO	10,000	10,000	10,000	0	0	0
CSO Reliever Sewer	5	160	GO	2,500	20,000	0	0	0	0

Project Total	\$82,500	\$100,000	\$80,000	\$70,000	\$10,000	\$10,000
General Obligation Bonding	\$82,500	\$100,000	\$80,000	\$70,000	\$10,000	\$10,000

Funding Source

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**STATE OF MINNESOTA
Agency Request**

F.Y. 2002-2007

**GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)**

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Military Affairs, Department of

Asset Preservation & Kitchen Repair	1	380	GO	2,500	2,500	2,500	2,500	2,500	2,500
Facility Life/Safety	2	245	GO	1,000	1,000	1,000	1,000	1,000	1,000
Americans with Disabilities Act (ADA)	3	220	GO	857	796	822	857	796	822
Indoor Firing Range Rehab	4	195	GO	1,018	0	0	0	0	0
Military Affairs/Emergency Mgmt Facility	5	230	GO	3,235	39,284	0	0	0	0
Stillwater Training/Community Center (Armory)			GO	0	9,104	0	0	0	0
Blaine Training/Community Center (Armory)			GO	0	0	8,100	0	0	0
Anoka Training/Community Center (Armory)			GO	0	0	8,300	0	0	0

Project Total	\$8,610	\$52,684	\$20,722	\$4,357	\$4,296	\$4,322
General Obligation Bonding	\$8,610	\$52,684	\$20,722	\$4,357	\$4,296	\$4,322

Funding Source

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STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Minnesota Historical Society

Asset Preservation - Historic Sites Network	1	450	GO	5,545	4,035	4,140	1,500	1,500	1,500
County and Local Historic Preservation Grants	2	385	GF	1,500	1,000	1,000	0	0	0
			GO	1,500	1,000	1,000	0	0	0
State Capitol 2005 Furnishings Project	3	290	GF	550	0	700	0	0	0
Sibley Historic Site Preservation	4	265	GO	542	1,000	0	0	0	0
Kelley Farm Historic Site Land Acquisition	5	125	GO	655	0	0	0	0	0
Historic Fort Snelling Site Improvements	6	220	GO	500	4,600	0	0	0	0
Heritage Trails	7	135	GO	384	250	250	0	0	0
Historic Sites Network Master Plan	8	125	GF	500	500	0	0	0	0
Improve Collections Storage Facilities			GO	0	2,000	500	0	0	0
Kelley Farm Maintenance Building			GO	0	600	0	0	0	0
St Anthony Falls Heritage Zone Implementation			GO	0	0	2,000	0	0	0
Split Rock Barn Reconstruction			GO	0	0	500	0	0	0
History Center Parking Ramp			GO	0	0	1,000	0	0	0

Project Total	\$11,676	\$14,985	\$11,090	\$1,500	\$1,500	\$1,500
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Funding Source

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STATE OF MINNESOTA
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GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Minnesota Historical Society

General Obligation Bonding	\$9,126	\$13,485	\$9,390	\$1,500	\$1,500	\$1,500
General Fund Projects (GF)	\$2,550	\$1,500	\$1,700	\$0	\$0	\$0

Funding Source

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STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Minnesota State Academies

Asset Preservation	1	415	GO	2,000	2,000	2,000	1,500	1,500	1,500
West Wing Noyes Hall Phase Two	2	315	GO	2,896	0	0	0	0	0
Safety Improvements/Roadway Related Construction	3	280	GO	1,400	0	0	0	0	0
MSAB Dorm Expansion			GO	0	3,225	0	0	0	0
Mott Hall Vocational Renovation			GO	0	2,416	0	0	0	0
MSAD Frechette Renovation			GO	0	4,247	0	0	0	0
MSAD Rodman Dining			GO	0	0	6,359	0	0	0
MSAB Vocational Building/Industrial Building			GO	0	0	1,257	0	0	0
MSAD Garage			GO	0	0	1,034	0	0	0
MSAD Lauritsen Recreation & Fitness Center			GO	0	0	5,217	0	0	0

Project Total	\$6,296	\$11,888	\$15,867	\$1,500	\$1,500	\$1,500
General Obligation Bonding	\$6,296	\$11,888	\$15,867	\$1,500	\$1,500	\$1,500

Funding Source

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STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Minnesota State Colleges & Universities

Roof Replacement & Repair	1	470	GO	33,264	30,000	25,000	0	0	0
Mechanical/Electr Infrastructure Replacement	1	470	GO	30,851	30,000	30,000	0	0	0
HEAPR	1	470	GO	35,885	40,000	45,000	35,000	35,000	35,000
Normandale CC - Science Remodel Phase 2	2	353	GO/UF	9,900	0	0	9,900	0	0
Minneapolis C&TC - Consolidation Remodel Phs 2	3	393	GO/UF	9,000	3,625	0	12,625	0	0
Metro SU - Library & Info Technology Center	4	308	GO/UF	17,442	0	0	17,442	0	0
Alexandria TC - Classroom/Technology Bldg	5	333	GO/UF	9,150	0	0	9,150	0	0
Winona SU - New Science Building	6	378	GO/UF	30,000	9,772	0	30,000	9,772	0
MSU Moorhead - New Science Building	7	343	GO/UF	18,955	10,022	0	18,955	10,022	0
Systemwide Science Lab Renovations	8	313	GO/UF	1,900	2,000	2,000	1,900	2,000	2,000
Systemwide Land Acquisition	9	208	GO/UF	2,000	2,000	2,000	0	0	0
Bemidji SU/NWTC Co-Location Design	10	208	GO/UF	850	10,000	5,000	0	0	0
NWTC Moorhead - Health & Appl Tech Addition	11	288	GO/UF	400	5,000	0	0	0	0
St. Cloud SU - Centennial, Riverview Remodel Phs 1	12	273	GO/UF	10,000	8,500	0	0	0	0
MSU Mankato - Athletic Facility Phase 3	13	168	GO/UF	8,400	0	0	0	0	0
Southwest SU - Library Remodel	14	298	GO/UF	9,200	0	0	0	0	0

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STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Strategic Priority Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
			F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Minnesota State Colleges & Universities

Hennepin TC - "D" Wing Remodel & Driveway	15	238	GO/UF	3,500	0	0	0	0	0
NEHED Virginia - Lab, Classroom, LRC Remodel	16	248	GO/UF	5,496	0	0	0	0	0
Lake Superior C&TC - Design Academic Addition	17	158	GO/UF	700	8,000	0	0	0	0
MSC-SETC - Student Services Remodel	18	238	GO/UF	580	1,169	0	0	0	0
Dakota TC - Design Info Tech/Telecomm Remodel	19	213	GO/UF	500	6,000	0	0	0	0
St. Cloud TC - Design Workforce Center Add/Remodel	20	133	GO/UF	700	12,500	0	0	0	0
Ridgewater C&TC - Science Labs Remodel	21	188	GO/UF	2,880	0	0	0	0	0
Century C&TC - Design Intermediate Space Remodel	22	188	GO/UF	1,500	3,400	0	0	0	0
South Central TC - Design Applied Labs Remodel	23	188	GO/UF	300	4,199	0	0	0	0
Fergus Falls CC - Design IT & Student Services Add	24	213	GO/UF	760	6,500	0	0	0	0
MnWest Worthington CTC - Science, Nursing Remodel	25	208	GO/UF	6,300	0	0	0	0	0
Inver Hills CC - Design Student Services Addition	26	148	GO/UF	500	6,000	0	0	0	0
2004 /2006 Capital Improvement Program			GO/UF	0	51,313	141,000	0	0	0

Project Total	\$250,913	\$250,000	\$250,000	\$134,972	\$56,794	\$37,000
General Obligation Bonding	\$201,116	\$201,163	\$201,160	\$101,983	\$49,603	\$36,340
User Finance Bonding	\$49,797	\$48,837	\$48,840	\$32,989	\$7,191	\$660

Funding Source

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STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Natural Resources, Department of

State Park Initiative	DNR-1	520	GO	31,000	13,000	13,000	31,000	7,300	7,300
Field Office Renovation & Improvements	B-1	335	GO	7,000	1,500	1,500	7,000	1,500	1,500
Statewide Asset Preservation	B-2	395	GO	2,900	2,900	2,900	2,900	2,900	2,900
Office Facilities Development	B-3	335	GO	4,600	7,507	10,168	4,600	4,600	4,600
ADA Compliance	B-4	390	GO	1,000	2,000	2,000	1,000	1,000	1,000
Fish Hatchery Improvements	B-5	310	GO	300	300	300	300	300	300
Dam Repair/Reconstruction/Removal	NB-1	350	GO	700	2,000	2,000	700	1,000	1,000
Reforestation	NB-2	335	GO	2,500	2,500	2,500	2,500	1,500	1,500
Forest Roads and Bridges	NB-3	320	GO	1,200	1,000	1,000	1,200	1,000	1,000
Metro Greenways and Natural Areas	NB-4	260	GO	1,000	1,500	1,500	1,000	1,000	1,000
SNA's Acquisition & Development	NB-5	375	GO	500	1,000	1,000	500	500	500
RIM - Consolidated Wildlife/Critical Habitat	NB-6	360	GO	3,000	5,000	5,000	3,000	3,000	3,000
Stream Protection & Restoration	NB-7	260	GO	500	1,000	1,000	500	500	500
Water Access Acq. Better, & Fishing Piers	NB-8	365	GO	1,500	3,000	3,000	1,500	1,500	1,500
State Trail Acquisition & Development	NB-9	325	GO	2,550	2,000	2,000	2,550	2,000	2,000

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STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Natural Resources, Department of

Well Sealing	NB-10	255	GO	425	0	0	600	0	0
			GF	175	0	0	0	0	0
Fisheries Acquisition and Improvement	NB-11	250	GO	500	500	500	500	500	500
State Park Acquisition	NB-12	345	GO	1,000	1,500	1,500	1,000	1,000	1,000
Prairie Bank Easements	NB-13	290	GO	500	500	500	500	500	500
Flood Hazard Mitigation Grants	NB-14	380	GO	15,500	15,000	15,000	15,500	15,000	15,000
State Forest Land Acquisition	NB-15	295	GO	500	1,000	2,000	500	500	500
Lake Superior Safe Harbors	NB-16	300	GO	1,750	6,500	8,000	0	0	0
Trust Fund Lands	NB-17	90	GO	0	1,000	1,000	0	0	0
Natural and Scenic Area Grants	G-1	270	GO	1,000	1,000	1,000	1,000	1,000	1,000
State Trail Connections	G-2	235	GO	500	1,000	1,000	500	500	500
Metro Regional Parks Capital Improvements	G-3	285	GO	8,000	15,400	15,900	8,000	5,000	5,000
			OTH	0	7,260	0	0	0	0

Project Total	\$90,100	\$96,867	\$95,268	\$88,350	\$53,600	\$53,600
General Obligation Bonding	\$89,925	\$89,607	\$95,268	\$88,350	\$53,600	\$53,600
Env & Natural Resources (OTH)	\$0	\$7,260	\$0	\$0	\$0	\$0

Funding Source

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STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Natural Resources, Department of

General Fund Projects (GF)	\$175	\$0	\$0	\$0	\$0	\$0
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Office of Environmental Assistance

Capital Assistance Program	1	429	GO	12,500	8,000	12,000	3,000	3,000	3,000
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Project Total	\$12,500	\$8,000	\$12,000	\$3,000	\$3,000	\$3,000
General Obligation Bonding	\$12,500	\$8,000	\$12,000	\$3,000	\$3,000	\$3,000

Funding Source

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STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Perpich Center for Arts Education

Performance Hall Cat Walk	1	275	GO	125	0	0	125	0	0
Asset Preservation	2	305	GO	643	300	300	643	300	300
Foodservice Kitchen Renovation	3	280	GO	570	0	0	570	0	0
Repair & Maintenance Building	4	230	GO	1,817	0	0	326	1,660	0

Project Total	\$3,155	\$300	\$300	\$1,664	\$1,960	\$300
General Obligation Bonding	\$3,155	\$300	\$300	\$1,664	\$1,960	\$300

Pollution Control Agency

Closed Landfill Bonding	1	410	GO	10,795	25,260	0	10,000	26,055	0
Brownfield to Green Space Grant Program	2	245	GO	5,000	0	5,000	0	0	0

Project Total	\$15,795	\$25,260	\$5,000	\$10,000	\$26,055	\$0
General Obligation Bonding	\$15,795	\$25,260	\$5,000	\$10,000	\$26,055	\$0

Funding Source

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STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Trade & Economic Development

Redevelopment Grant Program	1	390	GO	10,000	10,000	10,000	10,000	10,000	10,000
State Matching Funds	2	436	GO	16,000	16,000	16,000	16,000	16,000	16,000
Wastewater Infrastructure Fund	3	378	GO	30,000	30,000	30,000	4,000	4,000	4,000
			GF	600	600	600	80	80	80
Clean Water Partnership	4	255	GF	3,000	3,000	3,000	0	0	0

Project Total	\$59,600	\$59,600	\$59,600	\$30,080	\$30,080	\$30,080
General Obligation Bonding	\$56,000	\$56,000	\$56,000	\$30,000	\$30,000	\$30,000
General Fund Projects (GF)	\$3,600	\$3,600	\$3,600	\$80	\$80	\$80

Funding Source

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STATE OF MINNESOTA
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F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006
Transportation, Department of									
Northstar Corridor Rail Project	GO-1	319	GO	120,000	0	0	120,000	0	0
Local Bridge Replacement and Rehabilitation	GO-2	385	GO	48,000	65,000	70,000	30,000	30,000	30,000
Red Rock Corridor Rail Project	GO-3	270	GO	5,000	12,000	163,000	0	0	0
Midwest Regional Rail Initiative (Inter-City)	GO-4	256	GO	10,000	30,000	30,000	0	0	0
Rail Service Improvement	GO-5	270	GO	12,000	6,000	6,000	0	0	0
Port Development Assistance	GO-6	230	GO	8,000	8,000	6,000	0	0	0
Statewide Public Safety Radio System	GO-7	95	GO	36,690	35,000	35,000	0	0	0
Consolidated Operations Support Facility	THF-1	160	THF	9,500	0	0	9,500	0	0
Mankato Headquarters Building	THF-2	175	THF	14,000	0	0	14,000	0	0
Communications Backbone Digital Conversion	THF-3	145	THF	11,000	0	0	2,000	0	0
Rochester Headquarters Addition			THF	0	4,000	0	0	0	0
Golden Valley Building Addition			THF	0	4,000	0	0	0	0
Materials Lab Building Addition			THF	0	3,490	0	0	0	0
Training Center Building Addition			THF	0	4,600	0	0	0	0
State Bridge Replacement and Rehabilitation			THB	0	70,000	70,000	0	0	0
Duluth Headquarters Addition/Remodel			THF	0	0	1,250	0	0	0

Funding Source

GF = General Fund
GO = General Obligation Bonds

OTH = Other Funding Sources
THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund
UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Strategic Priority Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
			F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Transportation, Department of

Crookston Headquarters Building Addition	THF	0	0	1,000	0	0	0
Willmar Headquarters Building Addition	THF	0	0	1,700	0	0	0
Shakopee/Jordan Truck Station Addition	THF	0	0	4,675	0	0	0
Eden Prairie Truck Station Addition	THF	0	0	2,000	0	0	0
Maple Grove Truck Station Replacement	THF	0	0	2,500	0	0	0
Plymouth Truck Station Addition	THF	0	0	2,000	0	0	0

Project Total	\$274,190	\$242,090	\$395,125	\$175,500	\$30,000	\$30,000
General Obligation Bonding	\$239,690	\$156,000	\$310,000	\$150,000	\$30,000	\$30,000
Trunk Highway Fund (THF)	\$34,500	\$16,090	\$15,125	\$25,500	\$0	\$0
Trunk Hwy Fund Bonding (THB)	\$0	\$70,000	\$70,000	\$0	\$0	\$0

Funding Source

GF = General Fund
GO = General Obligation Bonds

OTH = Other Funding Sources
THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund
UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006
University of Minnesota									
Systemwide – HEAPR	1	470	GO	80,000	80,000	80,000	35,000	35,000	35,000
St. Paul – Plant Growth Facilities, Phase II	2	428	GO/UF	18,700	0	0	3,400	14,300	0
Duluth – Laboratory Science Building	3	288	GO/UF	25,500	0	0	25,500	0	0
Minneapolis – Nicholson Hall	4	298	GO/UF	24,000	0	0	10,000	0	0
Minneapolis – Mineral Resources Research Center	5	298	GO/UF	18,400	0	0	0	0	0
Systemwide – Classroom Improvements	6	213	GO/UF	4,000	4,000	1,500	4,000	0	0
Minneapolis – Translational Research Facility	7	233	GO/UF	37,000	0	0	0	0	0
Crookston – Bede Hall Replacement	8	313	GO/UF	7,701	0	0	7,701	0	0
Morris – Social Science Building & Sprinklers	9	213	GO/UF	9,000	0	0	0	0	0
Minneapolis – Teaching & Technology Center	10	213	GO/UF	3,000	0	0	0	0	0
Statewide – Research & Outreach Centers	11	248	GO/UF	3,000	3,000	3,000	0	0	0
Minneapolis – Northrop Auditorium	12	248	GO/UF	2,000	10,000	0	0	0	0
Minneapolis – AHC Precinct Plan Phase I			GO/UF	0	20,000	0	0	0	0
Crookston – Academic Program Improvement I			GO/UF	0	4,500	0	0	0	0
Minneapolis – Folwell Hall			GO/UF	0	27,000	0	0	0	0
Morris – Academic Program Improvements I			GO/UF	0	3,000	0	0	0	0

Funding Source

GF = General Fund
GO = General Obligation Bonds

OTH = Other Funding Sources
THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund
UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Strategic Priority Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
			F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

University of Minnesota

Minneapolis – Pillsbury Hall Design		GO/UF	0	1,000	0	0	0	0
Minneapolis – Teaching and Technology Center		GO/UF	0	42,000	0	0	0	0
Minneapolis – Lind Hall Renovation		GO/UF	0	18,000	0	0	0	0
St. Paul – North Project		GO/UF	0	24,000	0	0	0	0
Duluth – Kirby Plaza Project		GO/UF	0	12,000	0	0	0	0
Minneapolis – AHC Precinct Plan Phase II		GO/UF	0	0	52,500	0	0	0
Minneapolis – Pillsbury Hall		GO/UF	0	0	15,000	0	0	0
Minneapolis – Scott Hall		GO/UF	0	0	12,000	0	0	0
Minneapolis – Peik Hall		GO/UF	0	0	12,000	0	0	0
Morris – Academic Program Improvements II		GO/UF	0	0	4,500	0	0	0
Minneapolis – Tate Laboratory of Physics I		GO/UF	0	0	21,000	0	0	0
St. Paul – Food Science & Nutrition		GO/UF	0	0	15,000	0	0	0
St. Paul – Plant Science Teaching & Outreach		GO/UF	0	0	4,000	0	0	0
Duluth – Chemistry / Life Science Vacated Space		GO/UF	0	0	9,000	0	0	0
Duluth – Bulldog Sports Center		GO/UF	0	0	16,751	0	0	0
Crookston – Academic Program Improvements II		GO/UF	0	0	6,000	0	0	0

Funding Source

GF = General Fund
GO = General Obligation Bonds

OTH = Other Funding Sources
THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund
UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

University of Minnesota

Project Total	\$232,301	\$248,500	\$252,251	\$85,601	\$49,300	\$35,000
General Obligation Bonding	\$186,596	\$197,899	\$196,223	\$73,762	\$49,300	\$35,000
User Finance Bonding	\$45,705	\$50,601	\$56,028	\$11,839	\$0	\$0

Funding Source

GF = General Fund

GO = General Obligation Bonds

OTH = Other Funding Sources

THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund

UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Veterans Homes Board

Hastings Building Preservation	1	470	GO	8,553	0	0	8,553	0	0
Silver Bay Roof Replacement	2	395	GO	2,345	0	0	2,345	0	0
Silver Bay Master Plan Renovation	3	340	GO	3,659	0	0	0	0	0
Minneapolis Dining/Kitchen Renovation	4	315	GO	4,375	0	0	0	0	0
Asset Preservation	5	420	GO	4,690	4,406	4,963	2,000	2,000	2,000
Luverne Dementia Unit/Wander Area	6	345	GO	766	0	0	766	0	0
Minneapolis Adult Day Care	7	210	GO	2,825	0	0	0	0	0
Minneapolis Assisted Living	8	210	GO	2,710	0	0	0	0	0
Fergus Falls Wing-Dementia/Wander Additions			GO	0	5,034	0	0	0	0

Project Total	\$29,923	\$9,440	\$4,963	\$13,664	\$2,000	\$2,000
General Obligation Bonding	\$29,923	\$9,440	\$4,963	\$13,664	\$2,000	\$2,000

Funding Source

GF = General Fund
GO = General Obligation Bonds

OTH = Other Funding Sources
THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund
UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request
F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)
(\$ In Thousands)

Project description	Agency Strategic Priority	Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Water & Soil Resources Board

Reinvest In Minnesota	1	340	GO	20,000	20,000	20,000	7,000	7,000	7,000
			GF	1,634	1,634	1,634	0	0	0
Local Government Road Wetland Replacement	2	275	GO	5,200	4,600	4,600	0	0	0
			GF	900	800	800	0	0	0
Streambank, Lakeshore and Roadside Erosion Control	3	215	GO	4,740	4,740	4,740	0	0	0
			GF	260	260	260	0	0	0

Project Total	\$32,734	\$32,034	\$32,034	\$7,000	\$7,000	\$7,000
General Obligation Bonding	\$29,940	\$29,340	\$29,340	\$7,000	\$7,000	\$7,000
General Fund Projects (GF)	\$2,794	\$2,694	\$2,694	\$0	\$0	\$0

Zoological Gardens

Zoo Master Plan Design/Construction	1	370	GO	18,563	67,442	0	7,184	0	0
Asset Preservation	2	410	GO	3,000	3,000	3,000	3,000	3,000	3,000

Project Total	\$21,563	\$70,442	\$3,000	\$10,184	\$3,000	\$3,000
General Obligation Bonding	\$21,563	\$70,442	\$3,000	\$10,184	\$3,000	\$3,000

Funding Source

GF = General Fund
GO = General Obligation Bonds

OTH = Other Funding Sources
THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund
UF = User Finance Bonding

STATE OF MINNESOTA
Agency Request

F.Y. 2002-2007

GOVERNOR'S RECOMMENDATIONS
(BY FUNDING SOURCES)

(\$ In Thousands)

Project description	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Recommendation	Governor's Planning Estimates	
				F.Y. 2002	F.Y. 2004	F.Y. 2006	F.Y. 2002	F.Y. 2004	F.Y. 2006

Grand Total	\$1,942,026	\$1,557,087	\$1,573,906	\$844,559	\$357,114	\$289,331
General Obligation Bonding	\$1,762,840	\$1,314,785	\$1,341,875	\$745,914	\$314,923	\$262,547
User Finance Bonding	\$121,502	\$125,438	\$130,868	\$65,828	\$28,191	\$21,660
Env & Natural Resoures (OTH)	\$0	\$7,260	\$0	\$0	\$0	\$0
General Fund Projects (GF)	\$18,138	\$18,794	\$10,994	\$2,271	\$9,280	\$80
Trunk Highway Fund (THF)	\$39,546	\$20,810	\$20,169	\$30,546	\$4,720	\$5,044
Trunk Hwy Fund Bonding (THB)	\$0	\$70,000	\$70,000	\$0	\$0	\$0

Funding Source

GF = General Fund

GO = General Obligation Bonds

OTH = Other Funding Sources

THB = Trunk Highway Fund Bonding

THF = Trunk Highway Fund

UF = User Finance Bonding

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Title	2002 Agency Priority Ranking	Agency Project Requests for State Funds (\$ by Session)				Statewide Strategic Score	Governor's Recommendations 2002	Governor's Planning Estimate	
		2002	2004	2006	Total			2004	2006
Rural Finance Authority Loan Participation	1	\$20,000	\$20,000	\$20,000	\$60,000	400	\$15,000	\$15,000	\$15,000
Minnesota Farmers Market Hall	2	11,597	0	0	11,597	221	0	0	0
Expansion of Metro Greenhouse & Storage Bay	3	292	0	0	292	175	0	0	0
Total Project Requests		\$31,889	\$20,000	\$20,000	\$71,889		\$15,000	\$15,000	\$15,000

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AGENCY MISSION STATEMENT:

The mission of the Minnesota Department of Agriculture (MDA) is to work toward a diverse agricultural industry that is profitable as well as environmentally sound, to protect the public health and safety with regard to food and agricultural products, and to ensure orderly commerce in agricultural food and products.

The vision of the MDA is to facilitate Minnesota agriculture in adapting to changes in the 21st century.

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 feedstocks 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 two 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 worldwide and long-term economic expansions 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 workforce. Minnesota ranks 7th in the nation with \$3.04 billion in farm exports in 1996.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS IN RELATION TO CAPITAL REQUESTS:

The MDA worked with representatives from the Management Analysis Division of the Minnesota Department of Administration to conduct a strategic planning process. The strategic planning process sought input from both internal and external stakeholders. Stakeholders included MDA employees, farm organizations, commodity groups, environmental groups, sister agencies and representatives from a wide assortment of other groups. Using the information from these stakeholders, the agency identified 8 goals and objectives that support the agency's mission. These goals are:

- Facilitating Minnesota agriculture in adapting to changes in the 21st century.
- Services and programs that are relevant to all of our customer requirements.
- Services to enhance producers' ability to capitalize on 21st century opportunities.
- Safe food - farm to fork.
- Assume a leadership role in environmental policy and program development.
- Innovators in technology to support business and customer requirements.
- Effective internal and external two-way communication.
- An organization that values and recognizes its people, teamwork, and excellence in their work.
- Innovative, adaptive, and resource efficient regulatory programs that effectively carry out their purpose.

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

MDA currently has only two 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 \$20 million in the 2000 legislative session.
- *Soybean Oilseed Processing and Refining Facility Grant.* Laws of 1998 appropriated \$500,000 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.

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 farms 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 biotechnologies and their impact on Minnesota agriculture.

Based on the above criteria, the department recommends the approval of the following projects for the 2002 Capital Budget.

- *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 410 participating agricultural lenders. Repayment of these loans does meet the debt service obligations of the state bonds sold to provide needed loan funds.

- *Minnesota Market Hall.* The Minnesota Market Hall Project will provide a comprehensive value-added marketing opportunity for new and established independent growers. It will serve as the physical representation of a statewide network for value-added opportunity.
- *Expansion of Metro Greenhouse & Storage Bay.* This project is to expand the metropolitan greenhouse where production and research on approved bio-control agents that have been certified for production through a quarantine facility is conducted for approved biocontrol agents for indoor plant pests.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1996-2001):

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

RFA was transferred to the agency on 7-1-1991. General obligation bonds of \$50 million were approved under Laws of 1986, \$41 million under Laws of 1996, and \$20 million under Laws of 2000.

A grant of \$500,000 was appropriated under Laws of 1998 for a political subdivision for the construction of a soybean oilseed processing and refining facility.

2002 STATE APPROPRIATION REQUEST: \$20,000,000

AGENCY PROJECT PRIORITY: 1 of 3

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

The department requests \$20 million for Rural Finance Authority (RFA) loans to develop the state's agricultural resources. The loans would provide affordable financing to farmers and small agri-businesses.

Project History:

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 under secured 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 II Loan Program.

The 1986 Minnesota Legislature authorized the sale of \$50 million in general obligation bonds to fund the initiative. \$41 million in general obligation bonds was authorized by the 1996 Minnesota Legislature to continue the program and \$20 million by the 2000 legislature.

Program Purpose:

The purpose of the RFA 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 \$125,000 under the Beginning Farmer, the Seller Assisted and the Agricultural Improvement Loan Programs. Participation in the Livestock Expansion Loan Program may be up to \$250,000, and up to \$150,000 in the Restructured Loan Program. 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.

This program contributes to the department's goal of "Facilitating Minnesota agriculture in adapting to changes in the 21 century" by enhancing a producer's ability to capitalize on 21st century opportunities.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

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 FY 1988, the RFA has repaid over \$49 million for bond redemption and interest payments.

OTHER CONSIDERATIONS:

Since its inception, the RFA has enabled 1,648 Minnesota farmers to purchase farms, improve them, add efficient, up-to-date livestock facilities or restructure debt. The Basic Beginning program accounted for 68% of these loans. There have been loan participations in 77 counties of the state, 60 of which have six or more participations. As of 6-30-2001, the RFA has purchased than \$87 million in loan participations. The incidence of delinquencies over 30 days is normally in the 1.4 – 1.8% range. Within the currently active programs, there has been only one incident where the participation was not fully recovered.

The additional authorization will allow the RFA to continue offering credit to farmers on favorable terms and conditions, and promote the public welfare by contributing to the viability of farm operations.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. Occupancy						07/2002	06/2003
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Other Costs	111,000	20,000	20,000	20,000	171,000		
SUBTOTAL: (items 1 – 8)	111,000	20,000	20,000	20,000	171,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$111,000	\$20,000	\$20,000	\$20,000	\$171,000		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O. Bonds/RFA	111,000	20,000	20,000	20,000	171,000
State Funds Subtotal	111,000	20,000	20,000	20,000	171,000
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	111,000	20,000	20,000	20,000	171,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of 2000, Chapter 492	20,000
Laws of 1996, Chapter 463,	41,000
Laws of 1986, Chapter 398	50,000
TOTAL	111,000

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	0	0.0%
User Financing	20,000	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
No	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

MDA is requesting \$20 million in GO bonds for RFA loans to provide low-interest financing to farmers and small agri-businesses. The program is consistent with MDAs strategic plan and goals and is ranked as MDAs highest capital budget priority.

Under the program, the RFA purchases a portion of certain agricultural loans that banks make to farmers, allowing the bank to reduce its interest rate to farmers. Farmers repay their loan to the bank and the bank repays the RFA. RFA then pays the debt service on the bonds. In this way, the debt issued for the RFA is user-financed.

In the 2000 legislative session, MDA requested, the Governor recommended and the legislature appropriated \$20 million in GO bonds for this program. As of December 2001, \$10.5 million in bonds have been sold from the FY 2000 appropriation (\$6.5 million tax-exempt and \$4 million taxable.) Based on cash flow projections provided by the RFA, \$5 million in unsold bond authorization from the 2000 appropriation will carry forward into FY 2003. Thus, \$15 million may be a more appropriately sized request for the 2002 session.

This statewide program aims to strengthen the Minnesota farm economy. Individual farmers are the primary beneficiaries of the program.

The program will not result in state operating savings and does not involve asset preservation work or address health or life safety concerns.

Governor's Recommendation:

The Governor recommends an appropriation of \$15 million for RFA agricultural loan programs. This appropriation is from general obligation bonding and is user-financed. The Governor believes this is an appropriate level of funding, based on agency cash flow needs. Also included are budget planning estimates of \$15 million in 2004 and \$15 million in 2006.

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	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	50
Total	700 Maximum	400

2002 STATE APPROPRIATION REQUEST: \$11,597,000

AGENCY PROJECT PRIORITY: 2 of 3

PROJECT LOCATION: St. Paul

PROJECT DESCRIPTION AND RATIONALE:

This request will fund the design and construction of the Minnesota Farmers Market Hall Project, providing economic development opportunities for farmers and the communities in which they live. The Minnesota Farmers Market Hall Project, a model for Minnesota, as well as nationally, will be a facility that:

- Enables farmers to expand and diversify their businesses by participating in value-added processing and grower-direct sales to consumers year round;
- Builds critical customer base for fresh food and value-added products; and
- Through the Market Hall training and processing facility generates value added opportunities and produce ideas for farmers in all corners of the state.

Its location in downtown St. Paul builds on the strong, existing customer base of the city's 150 year-old, outdoor markets. Currently, 400,000 people visit the Market during the growing season generating \$4.5 million in annual sales. The Minnesota Farmers Market Hall Project anticipates a doubling of sales to \$9.6 million on a year round basis. The project will expand the outdoor Market, create a year-round indoor Market with commercial kitchen and small business support services, and provide customer parking under the Market site.

The Minnesota Farmers Market Hall Project will provide a comprehensive value-added marketing opportunity for new and established independent growers. It will serve as the physical representation of a statewide network for value-added opportunity.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

None

OTHER CONSIDERATIONS:

Previous Project Funding: None

Predesign: The predesign has been funded and completed by the city of St. Paul and is available upon request.

This project will have matching funds: Total project cost of \$18.032 million, with matching funds totaling \$6.435 million or 36% (\$2.5 million by corporations, foundations, and individuals, and \$3.935 million by the city of St. Paul).

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

MDA Contact:

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	10/2002
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	575	0	0	575		
2. Predesign Fees	29	0	0	0	29		
3. Design Fees							
Schematic	0	218	0	0	218	07/2002	10/2002
Design Development	0	218	0	0	218	07/2002	05/2004
Contract Documents	0	436	0	0	436	07/2002	06/2004
Construction Administration	0	218	0	0	218	07/2002	06/2004
4. Project Management						07/2002	06/2004
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	363	0	0	363		
Commissioning	0	62	0	0	62		
Other Costs	0	414	0	0	414		
5. Construction Costs						03/2003	06/2004
Site & Building Preparation	0	1,044	0	0	1,044		
Demolition/Decommissioning	0	238	0	0	238		
Construction	0	9,988	0	0	9,988		
Infrastructure/Roads/Utilities	0	836	0	0	836		
Hazardous Material Abatement	0	290	0	0	290		
Construction Contingency	0	605	0	0	605		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	70	0	0	70		
7. Relocation Expenses	0	0	0	0	0		
8. Occupancy						03/2003	06/2004
Furniture, Fixtures and Equipment	0	182	0	0	182		
Telecommunications (voice & data)	0	100	0	0	100		
Security Equipment	0	75	0	0	75		
Other Costs	0	551	0	0	551		
SUBTOTAL: (items 1 – 8)	29	16,483	0	0	16,512		
9. Inflation							
Midpoint of Construction		10/2003					
Inflation Multiplier		9.40%	0.00%	0.00%			
Inflation Cost		1,549	0	0	1,549		
GRAND TOTAL	\$29	\$18,032	\$0	\$0	\$18,061		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	11,597	0	0	11,597
State Funds Subtotal	0	11,597	0	0	11,597
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	29	3,935	0	0	3,964
Private Funds	0	2,500	0	0	2,500
Other	0	0	0	0	0
TOTAL	29	18,032	0	0	18,061

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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 only)	Amount	Percent of Total
General Fund	11,597	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 (by Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
Yes	MS 16A.695: Use Agreement Required (as per Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

12/24/01 DOK

The cost of a parking ramp seems justified by the configuration of the site. According to the revised predesign the cost, scope, and schedule appear to be justified.

Department of Finance Analysis:

MDA is requesting \$11.597 million in GO bonds to fund the design and construction of the Minnesota Market Hall located in St. Paul.

The total project cost is \$18 million; the state's share represents 64% of the total project cost. As noted in the request, the city of St. Paul will provide \$3.935 million (22%) and private sources (foundations, corporations, and individuals) will contribute \$2.5 million (14%).

MDA has ranked this project as its second priority. The project appears consistent with MDA strategic plan and is expected to have both regional and local significance.

Governor's Recommendation:

The Governor does not recommend capital funding for this request.

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	75
User and Non-State Financing	0-100	36
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	221

2002 STATE APPROPRIATION REQUEST: \$292,000

AGENCY PROJECT PRIORITY: 3 of 3

PROJECT LOCATION: St. Paul

PROJECT DESCRIPTION AND RATIONALE:

The department requests \$292,000 for the expansion of the currently owned greenhouse facility for the Minnesota Department of Agriculture (MDA) located on the Metro State campus in St. Paul. Expansion of the greenhouse would add an additional bay and storage area by adding an additional 1,100 square feet to the existing 2,800 square feet.

MDAs greenhouse currently has three insect rearing bays where biocontrol research and biocontrol agency production is taking place. The main focus is on biocontrol of indoor plant pests such as aphids, mealy bugs, scales, and mites. Biocontrol agents, predators, and parasites are being tested to determine their efficacy and the optimum numbers needed to implement control indoors such as homes, offices, malls conservatories, arboretum, and greenhouses. The demand for this technology, methods for production, and demonstration of implementation strategies is increasing faster than we can address at this time. Our mission is not a quantitative approach but to provide information and demonstration on a variety of biocontrol agents as viable alternatives to combat the ever-increasing pest situations, especially in indoors contained environments. The additional space would allow research on two of the most damaging indoor plant pests, white flies and thrips.

The estimated cost is \$292,000 bonding and \$50,000 operational.

The proposed capital budget project directly supports and carries out programs supporting MDAs mission to develop and promote the use of integrated pest management to control pests on public and private lands. The facility will allow basic research in biocontrol methods, and will focus on testing biocontrol agents against exotic invasive pests and noxious weeds while facilitating interagency cooperation on biological control of pests such as leafy spurge, purple loosestrife, gypsy moth and Japanese beetle.

The project will support operational programs and allow the following:

- The capability to screen biological control candidates to address Minnesota's needs in an expeditious and organized manner.
- The ability to screen biological control agents already proven effective but not tested for implementation in Minnesota.
- The development of effective biological control agents and methods for mass production for releases against Minnesota pests.

- The addressing of consumer and federal, state and local land management agencies' demands for pest control alternatives in environmentally sensitive areas.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The proposed addition will impact MDAs operating budget. Essentially it will add to increased utility costs and greenhouse items such as benches, pots, soil, plants, insects and insect cages and screens. Our current staff can assume additional responsibilities to conduct research and implementation of biological control in indoor environments.

OTHER CONSIDERATIONS:

MDA is mandated to regulate importation of exotic organisms following the guidelines set by USDA-APHIS-PPQ and M.S. Chapter 18, Plant Pest Act.

MDA is also directed by statute to work toward the sustainability of Minnesota agriculture, as well as develop a state approach to the promotion and use of Integrated Pest Management (M.S. 17.114, subd. 4). Furthermore, all Minnesota executive branch agencies are directed to use integrated pest management to the extent feasible in their management activities.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	03/2003
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	2	0	0	2		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	5	0	0	5	08/2002	10/2002
Design Development	0	4	0	0	4	10/2002	11/2002
Contract Documents	6	12	0	0	18	08/2002	09/2002
Construction Administration	28	5	0	0	33	08/2002	06/2004
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2005
Site & Building Preparation	70	0	0	0	70		
Demolition/Decommissioning	0	5	0	0	5		
Construction	221	205	0	0	426		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	29	0	0	29		
Other Costs	20	0	0	0	20		
6. One Percent for Art	0	3	0	0	3		
7. Relocation Expenses	0	0	0	0	0		
8. Occupancy						07/2005	
Furniture, Fixtures and Equipment	0	0	0	0	0		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	345	270	0	0	615		
9. Inflation							
Midpoint of Construction		06/2003					
Inflation Multiplier		8.00%	8.00%	0.00%			
Inflation Cost		22	0	0	22		
GRAND TOTAL	\$345	\$292	\$0	\$0	\$637		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	345	292	0	0	637
State Funds Subtotal	345	292	0	0	637
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	345	292	0	0	637

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	50	50	50	50
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	50	50	50	50
Revenue Offsets	0	0	0	0
TOTAL CHANGES	50	50	50	50
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of 1997, Chap. 216, Section 7, Subd. 4	70
Laws of 1996, Chap. 463, Section 12	275
TOTAL	345

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	292	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

12/24/01 PKP

- Costs appear to be based on past performance. Predesign is not required, as it does not exceed the .5m cost threshold.

Department of Finance Analysis:

MDA is requesting \$292,000 in GO bonds to expand their greenhouse facility. In addition, the agency is requesting \$50,000 from the General Fund to pay for increased operating expenses (biennial request).

The request is consistent with agency's strategic plan and legislative mandates, as noted in the narrative. MDA ranked this request as its third priority.

Research conducted in the greenhouse has the potential for regional or statewide impact.

No other financing sources will be used to fund the project. This is an expansion project and does not involve asset preservation or address life safety issues.

Governor's Recommendation:

The Governor does not recommend capital funding for this request.

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	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	175

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Title	2002 Agency Priority Ranking	Agency Project Requests for State Funds (\$ by Session)				Statewide Strategic Score	Governor's Recommendations 2002	Governor's Planning Estimate	
		2002	2004	2006	Total			2004	2006
State Park Initiative	DNR-1	\$31,000	\$13,000	\$13,000	\$57,000	520	\$31,000	\$7,300	\$7,300
Field Office Renovation & Improvements	B-1	7,000	1,500	1,500	10,000	335	7,000	1,500	1,500
Statewide Asset Preservation	B-2	2,900	2,900	2,900	8,700	395	2,900	2,900	2,900
Office Facilities Development	B-3	4,600	7,507	10,168	22,275	335	4,600	4,600	4,600
ADA Compliance	B-4	1,000	2,000	2,000	5,000	390	1,000	1,000	1,000
Fish Hatchery Improvements	B-5	300	300	300	900	310	300	300	300
Dam Repair/Reconstruction/Removal	NB-1	700	2,000	2,000	4,700	350	700	1,000	1,000
Reforestation	NB-2	2,500	2,500	2,500	7,500	335	2,500	1,500	1,500
Forest Roads and Bridges	NB-3	1,200	1,000	1,000	3,200	320	1,200	1,000	1,000
Metro Greenways and Natural Areas	NB-4	1,000	1,500	1,500	4,000	260	1,000	1,000	1,000
SNA's Acquisition & Development	NB-5	500	1,000	1,000	2,500	375	500	500	500
RIM - Consolidated Wildlife/Critical Habitat	NB-6	3,000	5,000	5,000	13,000	360	3,000	3,000	3,000
Stream Protection & Restoration	NB-7	500	1,000	1,000	2,500	260	500	500	500
Water Access Acq. Better, & Fishing Piers	NB-8	1,500	3,000	3,000	7,500	365	1,500	1,500	1,500
State Trail Acquisition & Development	NB-9	2,550	2,000	2,000	6,550	325	2,550	2,000	2,000
Well Sealing	NB-10	600	0	0	600	255	600	0	0
Fisheries Acquisition and Improvement	NB-11	500	500	500	1,500	250	500	500	500
State Park Acquisition	NB-12	1,000	1,500	1,500	4,000	345	1,000	1,000	1,000
Prairie Bank Easements	NB-13	500	500	500	1,500	290	500	500	500
Flood Hazard Mitigation Grants	NB-14	15,500	15,000	15,000	45,500	380	15,500	15,000	15,000
State Forest Land Acquisition	NB-15	500	1,000	2,000	3,500	295	500	500	500
Lake Superior Safe Harbors	NB-16	1,750	6,500	8,000	16,250	300	0	0	0
Trust Fund Lands	NB-17	0	1,000	1,000	2,000	90	0	0	0
Natural and Scenic Area Grants	G-1	1,000	1,000	1,000	3,000	270	1,000	1,000	1,000
State Trail Connections	G-2	500	1,000	1,000	2,500	235	500	500	500
Metro Regional Parks Capital Improvements	G-3	8,000	22,660	15,900	46,560	285	8,000	5,000	5,000
Total Project Requests		\$90,100	\$96,867	\$95,268	\$282,235		\$88,350	\$53,600	\$53,600

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AGENCY MISSION STATEMENT:

The mission of the Minnesota Department of Natural Resources (DNR) is to work with citizens to protect and manage the state's natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable quality of life.

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 management, wildlife habitat improvement, and trail development.

Activities regulated by the department include hunting; trapping; fishing; boating; snowmobile; 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 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, tax reform, 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. Earnings in key natural resource sectors in Minnesota continue to grow at a healthy rate and employment continues to expand 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 such as 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.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS IN RELATION TO CAPITAL REQUESTS:

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.

DNR's strategic plan report, *Directions for Natural Resources 2000*, outlines the major goals and strategies for managing our resources and provides a guiding framework for budget investment decisions. Through its strategic planning process, the DNR endorsed the following goals for natural resource 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; and 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. Ongoing 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; and Well Sealing.

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; State Forest Recreation Facility Rehabilitation; and Fish Hatchery Improvements.

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 Wildlife/Critical Habitat Match; Fisheries Acquisition and Improvement; Forest Roads and Bridges; Reforestation; SNA Acquisition and Development; Prairie Bank Easements; Metro Greenways & Natural Areas; Water Access Acquisition, Betterment & Fishing Piers; State Trail Acquisition, Development & Betterment; Stream Protection/Restoration; State Park Acquisition; State Forest Land Acquisition; and Lake Superior Safe Harbors.

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; Natural and Scenic Area Grants.

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 under funded 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 customers 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 under funded 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

The cost components of facility management for the agency are as follows:

- **Administrative Costs** are the cost of having competent and qualified staff to manage the inventory of buildings and the related infrastructure.
- **Custodial Care** to manage the day-to-day operation of buildings.
- **Utility Costs** include energy and all other building utility services. These are relatively stable in all areas except energy. Fluctuations in energy costs are funded directly out of operating budgets.
- **Capital Maintenance Costs** is reinvestment in buildings and infrastructure to support occupancy and use. Current statute – M.S. 16A.11, *Agency Budgeting*, subd. 6, detailed agency operating budgets are to include amounts to maintain buildings – requires that the agencies budget for long term capital maintenance. Further, the statute requires a minimum of 2% of current building values. The Statewide Facilities Management Group has completed an analysis, which indicates that the DNR should budget 2.8% of building replacement values. This estimate is adjusted to account for the specific character of the DNR's building inventory.
- **Occupancy Management** is all activities involved in assignment, furnishing, equipment, and modification of space within buildings to meet the business requirements of the building users. (\$1.50/SF of office space)
- **Capital Investment** is more correctly viewed as capital development and properly view as contributing to the agency's asset base as opposed to a cost. However, the demand for capital assets is engendered by the work requirements of the agency and the necessity of providing the tools of productivity in support of that work does compete for financial resources and acts in many ways like a cost. The occasional investment in new facilities is critical to maintaining that productive base of assets that is well adapted to the agency's work.

Actual funding for these cost areas is, in some cases, well below recommended levels. In other areas changes in costs directly impact operating and program funding.

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 Bureau of Engineering has reviewed and approved all building costs 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 (1996-2001):

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
Scientific & Natural Areas Acquisition and Improvement
Dam Repair and Reconstruction
Flood Hazards/Damage
Well Sealing
Reinvest in Minnesota
Local Recreation Grants
Department Buildings
Statewide Deferred Renewal
Metropolitan Council Regional Parks
Stream Protection and Restoration
ADA Compliance
Water Access Acquisition, Betterment and Fishing Piers
Metro Greenways and Natural Areas

2002 STATE APPROPRIATION REQUEST: \$31,000,000

AGENCY PROJECT PRIORITY: 1 of 1 (DNR Priority Initiative)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request will provide \$31 million to reduce the backlog of building, utility, and natural resource rehabilitation and replacement projects within the Minnesota State Park System. The focus will be on rebuilding and repairing existing buildings and infrastructure to ensure a quality experience for over 8.5 million visitors each year.

The Minnesota State Park System was started in 1891 with the creation of Itasca State Park and is the second oldest state park system in the United States. Many of the park facilities and buildings were constructed many years ago. Douglas Lodge, the showcase building in the state park system, was built in 1905, the same year as the state capitol. All of the 619 buildings and structures on the National Register of Historic Places were built over 50 years ago and most date from the days of the Civilian Conservation Corps (CCC) and Works Progress Administration (WPA) and are over 60 years old.

Roads, bridges, sewage treatment facilities, water systems, trails, buildings and electrical systems cannot be expected to continue to function without major reconstruction. At Jay Cooke, potable water is brought in by truck at great expense. At Interstate State Park, campers have to go to a Wisconsin state park to take a shower due to a failed water system. We make a payment to Wisconsin for this service. At Gooseberry Falls, sewage was trucked to a treatment facility in Two Harbors for almost a year before the recent completion of a sewage system. Wilderness Drive at Itasca may have to be closed due to deterioration. Many park campgrounds and facilities will have to be closed due to infrastructure failures in the next few years if corrective action is not taken.

The following types of projects are included to address the backlog of replacement and repair projects facing Minnesota State Parks:

Types of Projects	(\$ millions)
■ Rehabilitation of campgrounds, picnic areas, and swimming beaches	2.9
■ Replacement of public contact stations	2.1
■ Rehabilitation of historic buildings and structures	3.3
■ Natural resource restoration (native vegetation, wetlands, erosion)	1.3
■ Rehabilitation of non-historic buildings	3.3
■ Repair and replacement of bridges	2.0

■ Repair and rehabilitation of roads and trails	4.0
■ Replacement of inadequate sanitation buildings	4.0
■ Replacement of inadequate shops and cold storage areas	0.2
■ Repair and replacement of water and sewer utilities	4.7
■ Itasca Headwaters Center (replaces four buildings)	2.2
■ Forestville Mystery Cave Visitor Center	1.0
TOTAL	31.0

A detailed list of statewide projects is available.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

These projects will not result in a reduction to the agency's operating budget. However, due to the fact that this entire list is comprised of rehabilitation, repair, and replacement projects, there will be efficiencies gained throughout the system allowing staff to serve the public more effectively. Lifespan of historic buildings will be extended, reliability and safety of utility systems, roads, and bridges will be greatly strengthened, and maintenance costs for buildings affected will be reduced. Clean, well-maintained facilities will increase user satisfaction in campgrounds, picnic areas, and swimming beaches, and will promote additional park usage and revenue growth.

OTHER CONSIDERATIONS:

Many of these projects address building code deficiencies, bridge safety issues, and environmental deficiencies in state park facilities. The state park system has a compliance agreement with Minnesota Pollution Control Agency (MPCA) to upgrade wastewater treatment systems at a number of parks that are included in this request.

The projects included in this request have been prioritized through a process involving field staff, regional park management, and state park management, and represent the most urgent needs of the state park system. If safety and environmental deficiencies are not corrected, some facilities may be closed. The state park system will not be able to accommodate growing user demand if facilities are not rehabilitated.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	310	130	130	570	07/2002	06/2004
Design Development	0	930	390	390	1,710	07/2002	06/2004
Contract Documents	0	930	390	390	1,710	07/2002	06/2004
Construction Administration	0	930	390	390	1,710	07/2002	06/2004
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	155	65	65	285		
Demolition/Decommissioning	0	155	65	65	285		
Construction	0	13,602	6,800	6,800	27,202		
Infrastructure/Roads/Utilities	0	12,038	4,000	4,000	20,038		
Hazardous Material Abatement	0	400	120	120	640		
Construction Contingency	0	1,550	650	650	2,850		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	31,000	13,000	13,000	57,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$0	\$31,000	\$13,000	\$13,000	\$57,000		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	31,000	13,000	13,000	57,000
State Funds Subtotal	0	31,000	13,000	13,000	57,000
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	31,000	13,000	13,000	57,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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 only)	Amount	Percent of Total
General Fund	31,000	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Admin questions that there is no apparent information on the effects of inflation on the array of projects nor that there is any cost indicated for project management of any kind.

Department of Finance Analysis

This project combines four state parks bonding requests that have historically been reported separately. The four are:

- State Park & Recreation Area Building Development,
- State Park & Recreation Area Building Rehabilitation,
- State Park & Recreation Area Betterment and Rehabilitation, and
- Forest Recreation Facility Rehabilitation

This initiative also includes an additional \$8.0 million for Metropolitan Regional Park maintenance and repair.

The declining condition of state park infrastructure has been well documented in past capital budget requests. This project represents the administrations effort to make a real difference by "melting the iceberg" of accumulated maintenance and repair projects in an area of great interest to the public. Because so many citizens use our parks, this expenditure will benefit a broad cross-section of the population, and the economic benefits will be felt statewide.

Governor's Recommendation

The Governor recommends general obligation bonding of \$31 million for this project. He also recommends \$8 million for Metropolitan Regional Parks, and \$1 million for State Park Acquisition. This brings the total of the Governor's Parks initiative to \$40 million.

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	105
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	50
Total	700 Maximum	520

2002 STATE APPROPRIATION REQUEST: \$7,000,000

AGENCY PROJECT PRIORITY: 1 of 5 (Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request will provide \$7 million for Field Office Renovations and Improvements.

The department proposes acquisition, construction, renovation, and rehabilitation of field offices to relieve substandard employee working conditions in existing facilities. The proposed projects address conditions that cannot be resolved through common repair and maintenance activities. We propose to resolve issues like overcrowded conditions, unsuitable occupancies, and missing functionality.

Much of the inventory of Department of Natural Resources (DNR) field offices is 50 years old and only a few have been updated to accommodate changes in natural resources management work requirements. The practical requirements of the agency's work demand appropriate spaces for: professional and technical staff, modern vehicles and other working equipment, information technologies, and broadly expanded public and client services. Very little has been done to assure proper lighting, heating, air conditioning, ventilation, access, or egress. We consider these to be critical life safety emergency issues. Equally little has been done to redevelop the existing facilities to provide appropriate meeting space, sanitary facilities, shop spaces, storage facilities, or security systems.

Our goal is to improve delivery of services to citizens. It is our strong belief that development of up-to-date workplaces enhances efficient and productive work of our employees and high quality public service. Substantial productivity gains are possible in DNR Field Offices if we can create workplaces that do not hinder or distract employees from their work. Modifications to offices allow us to ensure adequate meeting space for working with citizens and to create space for needed educational and tourist information.

DNR proposes to renovate and improve the following field offices:

Warroad – Acquire new site, construct new office and storage facility to collocate three DNR divisions and Red Lake Tribal Forestry staff. \$1,220,000

Rochester Regional Headquarters – Remodel existing facility to increase office space. Construct new cold storage space. \$700,000

Metro Regional Headquarters – Remodel attached shop to accommodate eight new offices and a meeting room for 75 with teleconferencing technology. Construct a new shop and cold storage facility. \$803,000

Talcot Lake WMA – Construct an addition to existing maintenance shop to accommodate equipment repair, rest room facilities, improve building heating and ventilation. \$163,000

Little Fork Forestry – Add 2,500 square feet of space to existing facility for increased workspace and public reception functions. \$341,000

Hill City Forestry – Demolish existing residence; construct new 3,000 square foot office facility. \$605,000

Montrose Fisheries – Demolish existing office; construct new 1,200 square foot heated/cold storage space. \$331,000

Roseau River WMA – Add new office space to existing facility and add heated/cold storage space. \$850,000

Red Lake WMA – Remodel existing and add new office space. Construct heated/cold storage facility. \$864,000

Mora Forestry – Remodel existing office, add 600 square feet of new office space, and upgrade storage space. \$225,000

Sandy Lake – Remodel existing office and add 780 square feet. \$204,000

McGrath Forestry – Remodel existing office and add 520 square feet. Construct small storage facility. \$168,000

Onamia Forestry – Remodel existing office and add 600 square feet. Construct 2,000 square foot cold storage facility. \$216,000

Karlstad Wildlife – Construct new 1,500 square foot office building and 1,000 square foot warehouse to replace leased space. \$310,000

Cost detail on the individual projects is available. No pre-design costs are included in these requests as we fund these internally. We expect minimal disruption due to construction, which we plan on mitigating by careful scheduling of work stages.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This project will result in small increases in square footage of office and service facilities, which are incidental to specific project requirements.

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 state's exposure to risks associated with unsafe, unhealthy and inaccessible facilities.

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Natural Resources, Department of
Field Office Renovation & Improvements

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2003
Land, Land Easements, Options	\$0	\$150	\$30	\$30	\$210		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	90	20	20	130	07/2002	06/2004
Design Development	0	175	30	30	235	07/2002	06/2004
Contract Documents	0	250	20	20	290	07/2002	06/2004
Construction Administration	0	44	5	5	54	07/2002	06/2004
4. Project Management						07/2002	06/2004
State Staff Project Management	0	230	45	45	320		
Non-State Project Management	0	64	0	0	64		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						03/2003	09/2004
Site & Building Preparation	0	25	0	0	25		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	4,969	1,190	1,190	7,349		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	184	50	50	284		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	50	12	12	74		
7. Relocation Expenses	0	0	0	0	0		
8. Occupancy						10/2002	09/2004
Furniture, Fixtures and Equipment	0	714	98	98	910		
Telecommunications (voice & data)	0	46	0	0	46		
Security Equipment	0	9	0	0	9		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	7,000	1,500	1,500	10,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$0	\$7,000	\$1,500	\$1,500	\$10,000		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	7,000	1,500	1,500	10,000
State Funds Subtotal	0	7,000	1,500	1,500	10,000
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	7,000	1,500	1,500	10,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	17	27	37	47
Building Repair and Replacement Expenses	84	129	174	219
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	101	156	211	266
Revenue Offsets	0	0	0	0
TOTAL CHANGES	101	156	211	266
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 only)	Amount	Percent of Total
General Fund	7,000	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 (by Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Information indicates no predesign fees are accounted for on this project. Predesigns are required for projects with \$500,000+ construction budget. Inflation costs are not indicated. Are buildings occupied while renovation work occurs? No relocation expenses appear to be anticipated.

Department of Finance Analysis:

This project is consistent with the Governor's support for the idea of taking care of existing facilities before building new ones. It has been a high agency priority in past capital budget requests, and represents a reasonable level of effort over a two-year period.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$7 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	40
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	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	335

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2002 STATE APPROPRIATION REQUEST: \$2,900,000

AGENCY PROJECT PRIORITY: 2 of 5 (Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$2.9 million in bonding for the Minnesota Department of Natural Resources (DNR) Asset Preservation Program.

The department has identified more than \$17 million in deferred asset preservation projects for agency facilities statewide. These projects are focused on maintenance and repairs that need to be done to maintain existing values in buildings. Statewide, facility maintenance programs have been under funded. The result is a "Capital Iceberg" of deferred maintenance. This request represents the minimal level of funding necessary to check the growth of the DNR "Capital Iceberg" and to resolve the most urgent problems, particularly those problems which are eroding the capital value of state owned buildings.

Our project plan addresses a wide range of critical life safety and other code violations by reducing risk of illness and injury, improving indoor air quality, accessibility, and security. It will eliminate physical hazards which pose risks to staff and the public. Funding this request will provide for all aspects of asset preservation, including: roofing, plumbing and heating, electrical repair and renovation, energy efficiency improvements, and structural renovations. As opportunities arise, we will update failed building systems using improved technologies.

The DNR continues to invest in human resources by supporting a trained, equipped, productive, and culturally diverse work force. Facility condition significantly contributes to, or detracts from, the DNR's ability to achieve the state's natural resources management mission. Poor or degraded building and utility services often hinder the day-to-day effort to manage natural resources. It is in the state's best interest to maintain facilities in fully functional condition to enhance employee productivity, to reduce operating costs, and to protect the long-term investment in buildings.

The facility maintenance and repair projects in the DNR request are separate from and not included in the Department of Administration's Capital Asset Preservation and Replacement Account (CAPRA) request. These projects do not duplicate any other DNR request. A detailed project list is available.

IMPACT ON STATE AGENCY OPERATING BUDGETS (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.

PREVIOUS PROJECT FUNDING:

Previous state capital budget appropriations include:

M.L. 1996, Chapter 463	\$.5 million	Bonding
M.L. 1998, Chapter 404	\$2.2 million	General
M.L. 2000, Chapter 492	\$2.0 million	Bonding

OTHER CONSIDERATIONS:

If this proposal is not funded more basic building maintenance will be deferred. Not maintaining buildings in a timely manner results in eroded capital values and high maintenance costs to address a higher than necessary rate of facility deterioration.

In addition, the failure to address maintenance issues will result in building conditions that are unsafe and unhealthy.

No money is requested for public art as each of these projects falls below the \$500 thousand construction cost level, thus making these projects exempt from the requirement.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	22	10	8	8	48	07/2002	12/2002
Design Development	23	10	8	8	49	07/2002	12/2002
Contract Documents	26	10	8	8	52	07/2002	12/2002
Construction Administration	20	0	0	0	20		
4. Project Management						07/2002	06/2004
State Staff Project Management	33	20	15	15	83		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						08/2002	06/2004
Site & Building Preparation	229	50	50	50	379		
Demolition/Decommissioning	0	0	0	0	0		
Construction	3,691	2,270	2,300	2,300	10,561		
Infrastructure/Roads/Utilities	464	300	300	300	1,364		
Hazardous Material Abatement	53	50	50	50	203		
Construction Contingency	0	80	41	41	162		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. Occupancy						08/2002	09/2004
Furniture, Fixtures and Equipment	106	100	100	100	406		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Other Costs	33	0	20	20	73		
SUBTOTAL: (items 1 – 8)	4,700	2,900	2,900	2,900	13,400		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$4,700	\$2,900	\$2,900	\$2,900	\$13,400		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,500	2,900	2,900	2,900	11,200
General Fund Projects	2,200	0	0	0	2,200
State Funds Subtotal	4,700	2,900	2,900	2,900	13,400
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	4,700	2,900	2,900	2,900	13,400

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2000, Chapter 492, Section 7, Subdivision 2	2,000
Laws of Minnesota 1998, Chapter 404, Section 7, Subdivision 3	2,200
Laws of Minnesota 1996, Chapter 463, Section 7, Subdivision 2	500
TOTAL	4,700

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	2,900	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Admin policy is to support the appropriation of funds for asset preservation as a means of ensuring appropriate stewardship of current state owned facilities.

Department of Finance Analysis:

The need for maintenance funds across state agencies and programs is well documented. The Governor's 2000-2001 operating budget provided \$2.5 million annually as DNR base level funding for asset preservation. The legislature approved \$500,000 in the base, and another \$2 million in one-time funding in the 2000 capital budget. As of 12/10/01, \$962,000 of the bond funds had been expended, and 1.0 million remained unencumbered or unobligated.

The Governor continues to believe that normal maintenance costs should be funded in the operating budget, but recognizes the legislatures preference to fund it with bond funds. This request is in keeping with past legislative funding levels.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$2.9 million for this request as part of his statewide asset preservation and facility repair initiative. Also included are budget planning estimates of \$2.9 million in 2004 and \$2.9 million in 2006.

To encourage rapid expenditure of these capital funds for immediate economic stimulus, the Governor recommends a sunset date of 6-30-2004 for the 2002 appropriation. Any portion of these funds not spent or encumbered by that date should be cancelled.

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

2002 STATE APPROPRIATION REQUEST: \$4,600,000

AGENCY PROJECT PRIORITY: 3 of 5 (Building Projects)

PROJECT LOCATION: Grand Marais, Thief River Falls

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$4.6 million to acquire, construct, remodel, renovate or otherwise develop new employee offices and workspaces in Grand Marais and Thief River Falls.

We propose the following projects:

Grand Marais	\$3.1 m
Thief River Falls	1.5 m

The agency is developing Field Offices to consolidate services within service areas, providing space to reorient field workers currently located in the central office and to replace substandard facilities. One of the specific business objectives of the DNR is to work collaboratively within common resource management areas and to manage natural resources in an integrated fashion.

Studies of workplaces find:

- The quality and suitability of workspace greatly affects the productivity and well being of those using it.
- A clear definition of the organizations mission, business objectives, success factors, and key behaviors are prerequisites to developing the best workspace.
- People are the most important resource and the greatest expense for any enterprise. The long-term, beneficial effect of properly designed work environments on worker productivity should be carefully factored into investment decision-making.
- Strategic organizational planning must include consideration of capital investment in appropriate facilities.
- To accommodate ongoing change in work processes and technology the organization must provide workspaces that are flexible and adaptable.
- The successful model for development of integrated workplaces is a continuous, reiterative process that flows through three basic phases: planning, implementation, and post-occupancy management focused on peoples needs and work processes.

Integration of work processes requires:

- A workplace that serves the functional requirements of natural resource management work.

- A workplace that can be quickly and inexpensively adjusted to maximize productivity and satisfaction.
- A workplace that is comfortable, efficient, technologically advanced, and allows people to accomplish their work in the most efficient way.
- A workplace that meets our need and justifies its cost through the benefits gained.

The specific benefits of an integrated workplace are:

- Improved productivity
- Improved job satisfaction and health
- Better use of limited resources – specifically, people, space, time, and money.

Elements of the integrated workplace

- People
 - Understanding individual worker needs
 - Understanding the organizational culture
 - Exploring workplace alternatives
 - Managing organizational change
- Spaces
 - Providing adequate flexibility in the building infrastructure
 - Satisfying individual needs for personal comfort
 - Using suitable space planning concepts
 - Understanding and addressing important spatial relationships of work
 - Using appropriate, ergonomically designed furniture
- Technology
 - Using technology that properly supports the organizational culture and work practices
 - Accommodating future change
 - Balancing cost and longevity
 - Using suitable procurement and maintenance methods

Each of these elements are viewed as objectives of the office development proposal and broadly govern the planning and budgeting for these projects.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

These projects will result in a net increase in the facility inventory, with corresponding increases in facility operating costs associated with maintenance and replacement.

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

Increases in costs and the investment costs will be offset by significant increases in employee productivity due to properly configured facilities.

OTHER CONSIDERATIONS:

Existing facilities in Grand Marais and Thief River Falls 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 are: employee retention, moral, collaboration, and productivity. These same improvements will reduce the states exposure to risk associated with unsafe, unhealthy, and inaccessible facilities.

No predesign costs are included as we have funded them internally. As these are new facilities, staff will remain in their current locations until these are complete.

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

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Natural Resources, Department of
Office Facilities Development

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2003
Land, Land Easements, Options	\$0	\$450	\$150	\$200	\$800		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	35	45	56	136	08/2002	12/2002
Design Development	0	200	233	309	742	01/2003	04/2003
Contract Documents	0	35	115	125	275	05/2003	06/2003
Construction Administration	0	15	55	70	140	09/2003	08/2004
4. Project Management						08/2002	08/2004
State Staff Project Management	0	110	157	173	440		
Non-State Project Management	0	15	23	29	67		
Commissioning	0	20	12	38	70		
Other Costs	0	0	0	0	0		
5. Construction Costs						09/2003	10/2004
Site & Building Preparation	0	290	200	250	740		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	2,275	4,398	5,510	12,183		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	350	200	225	775		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	23	44	55	122		
7. Relocation Expenses	0	0	0	0	0		
8. Occupancy						04/2004	06/2004
Furniture, Fixtures and Equipment	0	250	609	763	1,622		
Telecommunications (voice & data)	0	105	154	192	451		
Security Equipment	0	5	5	5	15		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	4,178	6,400	8,000	18,578		
9. Inflation							
Midpoint of Construction		12/2003	07/2005	07/2007			
Inflation Multiplier		10.10%	17.30%	27.10%			
Inflation Cost		422	1,107	2,168	3,697		
GRAND TOTAL	\$0	\$4,600	\$7,507	\$10,168	\$22,275		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	4,600	7,507	10,168	22,275
State Funds Subtotal	0	4,600	7,507	10,168	22,275
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	4,600	7,507	10,168	22,275

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	15	35	62	62
Building Repair and Replacement Expenses	84	198	354	354
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	99	233	416	416
Revenue Offsets	0	0	0	0
TOTAL CHANGES	99	233	416	416
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 only)	Amount	Percent of Total
General Fund	4,600	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.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Without a predesign being submitted prior to the request it is not possible for an analysis to be made.

Department of Finance Analysis:

The location of the proposed Grand Marais office is still under consideration. City officials and local DNR staff have identified lots 10-14 in the new Business Development Area as the preferred choice as it abuts state owned land. From a state perspective, lots 1, 2, 7, and 8, should be considered as an alternative. They're closer to Hwy 61, which would provide easier public access, and because the road and sewer lines are already in place, the state will save a significant cost over lots 10-14.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$4.6 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	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	50
Total	700 Maximum	335

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2002 STATE APPROPRIATION REQUEST: \$1,000,000

AGENCY PROJECT PRIORITY: 4 of 5 (Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$1 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 and employees with disabilities requires making facilities and programs accessible. Title II prohibits discrimination in the provision of public service, programs and activities.

As a result of previous appropriations, the DNR has been able to accelerate design and construction activities to provide accessible and safe facilities. However, accessibility to all facilities and programs continues to be an issue of great concern to the DNR. Significant progress has been made and this request will assure a continuation of the effort to eliminate barriers to DNR accommodations and services.

This request includes a variety of design and construction projects statewide in two categories:

- Buildings – this category will remove barriers, reduce the required effort, clarify way-finding and assure safety along the pathway into buildings including; parking, path, entrances, sanitary amenities, public space and signs.
- Programs – this category will remove barriers, reduce the required effort, and assure safety in improved outdoor recreation and education opportunities at a large number of outdoor facilities.

The projects are located in various state parks, state forest, wildlife management areas, public water accesses, fishing piers, shore fishing sites, state trails and department administrative facilities. Funding of this request will be the sole source for many of these projects and will supplement other projects that include ADA components. A detailed list of projects is available.

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 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.

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 Occupational Safety and Health Act (OSHA) safety violations would remain; and
- federal funds subsidies jeopardized.

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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Phone: (651) 282-2505
Fax: (651) 297-5818
E-mail: mark.wallace@dnr.state.mn.us

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	20	10	20	20	70	07/2002	06/2004
Design Development	90	45	90	90	315	07/2002	06/2004
Contract Documents	50	25	50	50	175	07/2002	06/2004
Construction Administration	30	15	30	30	105	07/2002	06/2004
4. Project Management						07/2002	06/2004
State Staff Project Management	190	100	200	200	690		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	890	450	900	900	3,140		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	630	320	640	640	2,230		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	100	35	70	70	275		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	2,000	1,000	2,000	2,000	7,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$2,000	\$1,000	\$2,000	\$2,000	\$7,000		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,000	1,000	2,000	2,000	7,000
State Funds Subtotal	2,000	1,000	2,000	2,000	7,000
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	2,000	1,000	2,000	2,000	7,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd. 4	2,000
TOTAL	2,000

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Admin policy is to support the appropriation of funds for asset preservation as a means of ensuring appropriate stewardship of current state owned facilities.

Department of Finance Analysis:

Funding for ADA compliance is automatically included in all new construction and remodeling projects. This request is for funding to retrofit existing facilities.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$1 million for this request as part of his statewide asset preservation and facility repair initiative. Also included are budget planning estimates of \$1 million in 2004 and \$1 million in 2006.

To encourage rapid expenditure of these capital funds for immediate economic stimulus, the Governor recommends a sunset date of 6-30-2004 for the 2002 appropriation. Any portion of these funds not spent or encumbered by that date should be cancelled.

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	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	390

2002 STATE APPROPRIATION REQUEST: \$300,000

AGENCY PROJECT PRIORITY: 5 of 5 (Building Projects)

PROJECT LOCATION: Brainerd Warm Water Hatchery, French River Hatchery, Spire Valley Hatchery

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$300,000 for various improvements to the Department of Natural Resource's (DNR) fish culture facilities and storage. Improvements to hatcheries include the following:

- \$160,000 for the Spire Valley Hatchery to drill a well and install a septic system, modular house, and an equipment and vehicle storage building.
- \$90,000 for the Brainerd Warm Water Hatchery for improvements to the water system and to install an equipment storage building.
- \$50,000 for the French River Hatchery to install an equipment storage building.

The department's strategic plan, *Directions for Natural Resources 2000*, outlines the major goals and strategies for achieving the DNR's vision and provides the framework for guiding budget investment decisions. Hatchery improvements are a direct step to implementing two DNR goals and many strategies: 1) "Minnesota's natural resources will be able to produce outdoor recreation benefits over the long term;" and 2) "Water resources will be conserved and allocated among competing uses in the best interests of the public and long-term sustainability."

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There would be no major impacts on the agency's operating budget. The new building and residence being proposed for Spire Valley would slightly increase operating costs, but would be offset by savings realized by having a person on-site to handle any emergencies. There would also be some gain in efficiency from the improved working conditions at the Spire Valley site.

The Division of Fisheries spends about 14% of its operating budget on fish culture and stocking. The hatchery facilities that would be improved with this request are important components of the state's fish culture program. Last fiscal year, the Division spent \$500,000 from its operating budget to maintain and improve fish culture facilities. Approximately \$1.5 million of hatchery improvement needs still exist to bring our facilities up-to date and running at maximum efficiency.

OTHER CONSIDERATIONS:

The Spire Valley Hatchery produces about 8% of the state's hatchery production of trout. This hatchery contains the entire brook trout program for statewide stocking of put-grow-take waters. The facility relies on wells and pumps to sustain the fish. Power failures periodically occur, especially during lighting storms. Currently the closest employee lives 15 miles away and takes at least 30 minutes to respond to such failures. The health and production of fish in the hatchery is often compromised because of this situation. Although the hatchery has not experienced any thefts to date, the brood stock and fish being grown in the ponds are potential targets for illegal harvest. If stolen, there is no back-up brook trout brood stock in the state hatchery system to replace them. Theft is an increasing possibility as the area becomes more developed. This is the only cold-water hatchery that does not have a residence so that someone is always on-site for security and emergency purposes.

The Brainerd Hatchery is an important walleye and white sucker hatching site. This facility annually produces 25 - 70 million walleye fry. The fry are stocked in area lakes and rearing ponds. White sucker fry are used as food for muskie production. The building would be used to protect vehicles and equipment used in the production and distribution of these fry and fingerlings.

The French River Hatchery produces about 45,000 pounds of Chinook salmon, Kamloops rainbow trout, and steelhead, which is about 21% of the state's hatchery production of trout and salmon. The storage building would be used to protect vehicles and equipment used in the production and distribution of these fish.

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

Linda Erickson-Eastwood, Fisheries Program Manager
DNR, Fisheries
500 Lafayette Road, Box 12
St Paul, MN 55155-4012
Phone: (651) 296-0791
Fax: (651) 297-4916

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	25	25	25	75		
Demolition/Decommissioning	0	0	0	0	0		
Construction	1,545	275	275	275	2,370		
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	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	1,545	300	300	300	2,445		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$1,545	\$300	\$300	\$300	\$2,445		

Natural Resources, Department of
Fish Hatchery Improvements

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	300	300	300	900
General Fund Projects	1,000	0	0	0	1,000
Env & Natural Resoures	545	0	0	0	545
State Funds Subtotal	1,545	300	300	300	2,445
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	1,545	300	300	300	2,445

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 14, Subd. 4(b)	145
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 15	1,000
Laws of Minnesota 1997, Chapter 216, Section 15, Subd. 17 q	400
TOTAL	1,545

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Admin is concerned that inadequate information is provided to determine the anticipated project costs. No Design fees, inflation, Contingency, or Project Management fees are indicated.

Department of Finance Analysis:

The requested amount is for three fisheries repair projects, and reflects the Governor's belief in funding asset preservation.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$300,000 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	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	0
Total	700 Maximum	310

2002 STATE APPROPRIATION REQUEST: \$700,000

AGENCY PROJECT PRIORITY: 1 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

State funding of \$700,000 is requested for dam safety emergency work and priority repair, reconstruction, and removal projects.

Minnesota's public dams 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 repair to maintain their structural integrity and prevent public safety hazards. Emergency repairs must be made when a dam failure threatens public safety or is causing property damage. Any emergency funds remaining at the end of the two-year bonding cycle would be used on the next highest priority projects. Minnesota statutes provide for matching grants to local governments for dam repair or reconstruction (M.S. 103G.511) and allow the state to pay the entire cost of dam removal (M.S. 103G.515).

Dam Name	County	Owner	Work	State Cost (\$000's)
Emergency work	Various	Various	Emergency	125
Potato Lake	Hubbard	DNR/County	Reconstruct	100
McDougal Lake	Lake	DNR	Repair/modify	100
Fargo South	Clay	Fargo, ND	Remove/modify	75
Brightsdale	Fillmore	DNR	Remove	250
Big Stone Lake	Big Stone	DNR/UMRWD	Repair	50
TOTAL				700

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Current staff would administer dam safety project bonding funds.

OTHER CONSIDERATIONS:

This request is part of an ongoing program to manage Minnesota's public dams infrastructure and protect lakes and rivers. Dams maintain water levels on most of our recreational lakes and provide significant benefits to recreation, tourism, and the

economy. For example, Mille Lacs, Minnetonka, and Ottertail Lakes all depend on dams to maintain water levels and surrounding property values. Regular repairs limit potential liabilities, protect the public safety, and reduce the need for expensive major repairs. This program also includes the removal and/or modification of obsolete dams that no longer provide significant public benefits and whose rehabilitation would not be cost effective or good for the environment.

Consistent, long-term funding of about \$2 million per biennium is necessary to adequately maintain public dams and to remove dams that become obsolete and hazardous. Department of Natural Resources Water's general operating budget does not include funding for dam safety projects.

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

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DNR Waters
500 Lafayette Road, Box 32
St. Paul, MN 55155-4032
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Fax: (651) 296-0445
E-mail: kent.lokkesmoe@dnr.state.mn.us

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	5,658	850	2,300	2,300	11,108		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	5,658	850	2,300	2,300	11,108		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$5,658	\$850	\$2,300	\$2,300	\$11,108		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,514	700	2,000	2,000	7,214
General Fund Projects	1,546	0	0	0	1,546
State Funds Subtotal	4,060	700	2,000	2,000	8,760
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	1,598	150	300	300	2,348
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	5,658	850	2,300	2,300	11,108

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd. 22	1,200
Lwas of Minnesota 1998, Chapter 404, Section 7, Subd. 8	1,300
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 16	1,560
TOTAL	4,060

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is central to the Waters division's responsibility for public safety. It's an ongoing program funded as needed for specific projects when repairs are identified.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$700,000 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	75
User and Non-State Financing	0-100	20
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	350

2002 STATE APPROPRIATION REQUEST: \$2,500,000

AGENCY PROJECT PRIORITY: 2 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$2.5 million in bonding to meet the reforestation requirements of MS 89.002, Subd. 2, and to improve the quality of the state's forest resources in the next biennium.

Careful, adequate and full reforestation improves a long-term asset that increases in value over time. Forests return millions of dollars to Minnesota's economy in the form of forest products, secondary products (such as paper), recreational opportunities that support a tourism industry, and ecological values that sustain our quality of life. Reforestation should be considered a capital investment rather than a yearly operating expense.

The Department of Natural Resources (DNR) Directions 2000 Strategic Plan states: "DNR will increase efforts in programs and initiatives that focus on increasing the amount and quality of timber produced from appropriate forest lands."

MS 89.002, Subd. 2 requires:

- Reforestation of all harvested state forest lands.
- Maintenance of all state forests in appropriate forest cover, stocking, growth rate and health.
- Restoration to productivity of state forest lands damaged by natural causes or in a poorly stocked condition.

The Division of Forestry will spend over \$4 million of general fund appropriations during the next biennium to perform required reforestation activities including planting, seeding, site preparation, tree seedling and seed purchase, forest stand improvement, and plantation protection. However, additional investments are needed if productivity is to be maintained and increased:

- Reforestation levels are increasing due to a legislatively directed increase in timber harvest, and a current surplus of over-aged forest stands in need of harvest.

Timber harvest will increase by 10,000 acres per year. About two-thirds of these acres will regenerate naturally. One-third (3,300 acres/year) will be planted or seeded. Investing in 6,600 acres for the biennium will insure that these acres are productive and continue to generate revenue.

- There are increasing costs to tend regenerating forests, because more acres will need to be planted and seeded.

After trees are planted or seeded, it takes about 10 years of tending before the planting is considered completed, or "free to grow." For example, white pine seedlings must be protected for several years from deer browsing by placing paper caps over the buds each fall, a labor intensive procedure known as "bud capping." Increased planting and seeding is expected to create about 8,100 acres per year of new plantations. About two-thirds of those acres will need to be released from competing brush and about one-third will need to be protected from pests in order to succeed. Investing in 16,000 acres for the biennium will insure successful reforestation of these acres.

- Additional funds are needed to restore productivity of forest lands damaged by windstorm, fire and insects. This is accumulated damage that has not been restored.

2,100 acres of damaged forest is currently backlogged and in need of restoration. Thousands of additional acres were damaged by windstorms in 2001, and are being assessed for restoration needs. Investing in 4,200 acres for the biennium will insure that acres damaged by natural causes are restored to productive forest.

- The Commissioner's Vision for Minnesota Forests calls for a reduced dependence on aspen and a greater presence of longer lived conifers. Additional reforestation with an emphasis on optimizing the productivity of forest land will increase the amount of forest land populated with longer lived conifer species (e.g. pine and spruce).

Investing in an additional 5,200 acres per biennium by converting some forests to longer lived, higher quality timber species will improve the quality of Minnesota forests for economic, recreational and ecological values.

Summary of Biennial Need *
(not including the \$4 million in General Funds already planned) (\$000's)

Increased reforestation due to increase in harvest levels.	6,600 acres	\$1,168
Tending planted trees	16,000	764
Restore damaged forests	4,200 acres	1,394
Conversion to conifers	5,200 acres	956
TOTAL		\$4,282

* With a capital bonding appropriation of \$2.5 million, the Division will first accomplish reforestation of harvested areas, then tend planted trees, restore damaged forests and convert forests to conifers to the extent funds permit.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The DNR Division of Forestry operating budget does not contain sufficient funds to meet current and anticipated reforestation needs. This investment of bonding money will help meet reforestation goals and statutory requirements.

OTHER CONSIDERATIONS:

This bonding money will be spent on over 1,000 individual state land tree planting and seeding sites distributed throughout the forested areas of Minnesota.

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

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DNR Forest Development Program Coordinator
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St. Paul, MN 55155-4044
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Natural Resources, Department of
Reforestation

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	2,500	2,500	2,500	7,500		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	2,500	2,500	2,500	7,500		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$0	\$2,500	\$2,500	\$2,500	\$7,500		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	2,500	2,500	2,500	7,500
State Funds Subtotal	0	2,500	2,500	2,500	7,500
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	0	2,500	2,500	2,500	7,500

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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 only)	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.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

The agency does receive reforestation funds as part of its operating budget, but needs additional funding to meet statutorily required levels. Relative to past appropriations this level of funding is high, but years of underfunding have elevated the need. It is critical to replant harvested forests to ensure the long-term viability of the state's timber industry.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$2.5 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	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	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	335

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2002 STATE APPROPRIATION REQUEST: \$1,200,000

AGENCY PROJECT PRIORITY: 3 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE: This \$1.2 million request will provide for replacement of two bridges in the State Forest Road system and reconstruction/resurfacing of approximately 83 miles of existing forest roads to safely meet current and projected use and load levels. The components of this request include the following:

- \$280,000 to replace three bridges: The Swamp River bridge in Grand Portage State Forest, the Schuh bridge in Beltrami Island State Forest, and the Chelsey Brook bridge in Snake River State Forest.
- \$920,000 to reconstruct approximately 90 miles on 22 state forest roads.

Reconstructing a forest road means to restore a road that has deteriorated to the point where usability is limited and standard maintenance procedures are no longer effective OR upgrade a road to a higher classification. Roads in need of reconstruction have lost their gravel surface, shape and drainage OR need to be upgraded due to increases in traffic volume.

Reconstruction projects usually include all of the following features: Reshaping of the surface to restore crown, in-slopes and out-slopes (known as the road prism), cleaning and restoration of drainage ditches, replacement of culverts, and finally, four to six inches of crushed rock on the reshaped surface.

A reconstructed forest road is expected to last for at least 20 years. Reconstruction enables the road to be operated with normal maintenance actions such as blading, light graveling and occasional roadside brush removal.

The state forest road system is a capital asset worth more than \$75 million. Forestry maintains 2,064 miles of roads that serve the 4.4 million acres of forestry administered lands. These roads also service millions of acres of county, federal, and private forest lands. This system of gravel and dirt roads supports two of the state's largest industries: forest products and tourism. State forest roads provide a strategic link between our forest resources and the public road system. While the state forest roads are used for resource management and hauling forest products, 95% of their use is for recreation.

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 land 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.

Approximately 0.116% of the unrefunded gas tax is dedicated to forest roads. This is estimated to be about \$727,000 in FY 2002. Of this, about 48% is paid to the counties; the remainder, about \$378,000, is used on state forest roads for maintenance and repair activity that is not appropriate for capital bonding. The gas tax percentage is based on a study that was done in 1988. The laws of 2001, First Special Session, Ch. 2, Sec. 157 provided for a new study. This study will be conducted by the Department of Natural Resources (DNR), other state agencies, and affected counties. A report is due to the legislature on December 1, 2002. It is too early to tell if the study would justify a change in the gas tax percentages.

Funding this request will reduce the backlog of work required to bring our system to a standard appropriate for current use.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE): In FY 2002 Forestry will receive an estimated \$378,000 in dedicated state gas tax dollars, and has allocated \$125,000 in general funds. This is \$500,000 and short of the annual amount needed for state forest roads. Bonding funds will pay for the major reconstruction and bridge replacement projects that cannot be covered with operating funds. (There are not sufficient operating funds available for state forest road construction, reconstruction, major resurfacing or bridge replacement.) Regular maintenance and resurfacing reduces the need for costly reconstruction in the future.

OTHER CONSIDERATIONS: Alternatives to this request include the following:

- Increased road closures to all road vehicles to reduce damage that occurs on forest roads. Closing roads during fall and spring seasons (or other wet soil periods) may be more common to protect the road structure. This impact includes boating, color tours and other dispersed recreation.
- Increase and extend restrictions on maximum weight.

If this request is not funded, access for forest resource management will be increasingly limited to winter only. The volume and value of timber the DNR is able to sell may be reduced. Good summer access enhances our ability to use natural seeding techniques involving summer logged shelterwood and all-age harvesting techniques.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						08/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	2,972	1,200	1,000	1,000	6,172		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	2,972	1,200	1,000	1,000	6,172		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$2,972	\$1,200	\$1,000	\$1,000	\$6,172		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	972	1,200	1,000	1,000	4,172
General Fund Projects	2,000	0	0	0	2,000
State Funds Subtotal	2,972	1,200	1,000	1,000	6,172
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	2,972	1,200	1,000	1,000	6,172

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd. 14	722
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 10	2,000
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 18	250
TOTAL	2,972

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	1,200	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This ongoing project is normally funded in the capital budget and represents a reasonable level of effort over the next two years.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$1.2 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	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	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	320

2002 STATE APPROPRIATION REQUEST: \$1,000,000

AGENCY PROJECT PRIORITY: 4 of 17 (Non-Building Projects)

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

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$1.0 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 seven-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 12 site nominations in 2001 requesting \$10 million in funds to protect regional and locally significant natural areas throughout the region. Using a variety of ecological, feasibility and local support criteria, 18 projects involving 36 land parcels totaling 1,400 acres have been completed or are underway.

This request will allow the Metro Greenways Program to continue developing a regional network of ecologically significant natural areas and interconnected corridors in the seven-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	\$4.0 million	General Fund
M.L. 2000, Chapter 492	\$1.5 million	Bonding
M.L. 2001, 1SS Chapter 2	\$2.7 million	Trust Fund

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The 2001 legislative session provided approximately \$413,000 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.

During the past three years nearly \$750,000 in 50:50 matching grants involving 57 local government units have been awarded for a variety of natural resource inventory, planning, prioritization, and management projects. This has and will increase the number and scope of funding requests for land protection and restoration.

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
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St. Paul, MN 55106
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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$8,230	\$1,000	\$1,500	\$1,500	\$12,230		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	8,230	1,000	1,500	1,500	12,230		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$8,230	\$1,000	\$1,500	\$1,500	\$12,230		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,500	1,000	1,500	1,500	5,500
General Fund Projects	4,000	0	0	0	4,000
Env & Natural Resoures	2,730	0	0	0	2,730
State Funds Subtotal	8,230	1,000	1,500	1,500	12,230
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	8,230	1,000	1,500	1,500	12,230

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 14, Subd. 4 (g)	2,730
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd. 18	1,500
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 19	4,000
TOTAL	8,230

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project protects critical lands in the metro area. It supports both the Governor's and the legislature's goal of working collaboratively with local governments and non-profit groups in areas of common interest. This project received \$1.5 million in the 2000 bonding bill. Of that amount, \$366,000 has been expended, and \$1.1 million remained encumbered (as of 12/10/01).

Governor's Recommendation:

The Governor recommends general obligation bonding of \$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	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	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	260

2002 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 5 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$500,000 for Scientific and Natural Areas (SNA) acquisition and development.

SNA's 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 and populations of rare plants. SNA's provide different recreation, education, and scientific opportunities for citizens and visitors alike. These unique resources are in danger of being lost forever unless they are protected now.

SNA Acquisition: \$200,000

At present there are 135 SNAs covering 179,904 acres. Of this total, 146,238 acres are in 16 ecologically significant peatlands, legislatively protected by the Wetland Conservation Act of 1991. This request follows the Long Range Plan updated and approved by the LCMR in 1991. It prioritizes acquisition of natural areas and lands adjacent to existing sites. Minnesota DNR tracks approximately 500 natural features. To preserve these entities we estimate that 500 SNAs will be needed by 2085.

Protection priorities for SNAs are identified through the inventory and assessment efforts of the Natural Heritage Program, and the Minnesota County Biological Survey (MCBS) or by historical data, immediate threats to critical parcels, knowledge of co-occurrences of rarity, data from federally funded inventories and other first hand knowledge of a site. The process used allows us 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.

Development: \$300,000

SNA development ensures that genetic and biological diversity is retained. Development also prevents the loss of important species, plant communities, and features, from accidental or willful human disturbance, and from natural catastrophe.

Unless lands are adequately fenced, gated, surveyed, signed and posted, trespass and destructive activities will take place. Without legal posting, regulations may not be enforceable. Fields included in acquired parcels require restoration actions, including seed collecting and subsequent replanting with seeds or nursery stock.

This request has statewide significance because it supports the highest priority plant, animal, and natural community (including native prairie) resources throughout the state.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

As new SNAs are acquired the annual operating costs increase. Acquisition of lands adjacent to existing SNA sites often results in an actual decrease in management costs when problems emanating from adjacent lands are eliminated, e.g. soil erosion, noxious weeds, and trespass.

OTHER CONSIDERATIONS:

Scientific and Natural Areas

Funds have historically been appropriated through bonding or the Environmental Trust Fund. Lack of funds would threaten the survival of natural communities and rare species, and limit educational use. Lack of interpretive materials and facilities at SNA sites diminishes the educational potential of the area. User education is key to protecting these resources and others across the state.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$2,762	\$175	\$570	\$570	\$4,077		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						07/2002	06/2004
State Staff Project Management	933	99	154	154	1,340		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	800	226	276	276	1,578		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	4,495	500	1,000	1,000	6,995		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$4,495	\$500	\$1,000	\$1,000	\$6,995		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,240	500	1,000	1,000	3,740
General Fund Projects	2,600	0	0	0	2,600
Env & Natural Resoures	655	0	0	0	655
State Funds Subtotal	4,495	500	1,000	1,000	6,995
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	4,495	500	1,000	1,000	6,995

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	20	20	30
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	20	20	30
Revenue Offsets	0	0	0	0
TOTAL CHANGES	0	20	20	30
Change in F.T.E. Personnel	0.0	0.5	0.5	0.8

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 14, Subd. 4 (h)	455
Laws of Minnesota 2000, Chapter 492, Article 1, Section 7, Subd.26	500
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 18	2,600
Laws of Minnesota 1997, Chapter 216, Section 15, Subd. 17 (k)	200
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 22	740
TOTAL	4,495

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This is an ongoing program funded in each capital budget, and represents a reasonable level of funding over the next two years.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$500,000 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	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	375

2002 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 6 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request for the Reinvest in Minnesota (RIM) Program will provide \$3 million in bonding for critical habitat match, wildlife land acquisition, development, and habitat improvement.

Minnesota has one of the finest systems of publicly owned wildlife management areas (WMAs) in the country that permits Minnesota's citizens and nonresidents to enjoy wildlife and our natural heritage. Historic wetland losses combined with continuing destruction of upland habitat has significantly diminished our wildlife resources. Acquisition and restoration of wildlife habitat is the most effective way to improve wildlife populations. With increasing demands for wildlife-related recreation and continuing disappearance of habitat on private lands, these public lands are even more important to ensuring the future status of wildlife populations and quality outdoor experiences that Minnesota hunters, trappers, bird watchers, and other wildlife enthusiasts have come to expect.

RIM – Critical Habitat Match:

Opportunities will be provided 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 the Minnesota Critical Habitat Private Sector Matching account (CHM) are matched dollar-for-dollar by contributions of land, easements, or cash to the program. Land donations and purchases have been primarily for WMAs, with other projects involving acquisitions in scientific and natural areas (SNA), state parks, aquatic management areas (AMA), and state forests. 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 shorelines, restoring aquatic vegetation, and other fisheries management activities. Work is also undertaken to improve habitat for nongame species

RIM – WMA Acquisition:

Accelerated wildlife land acquisition efforts will be aimed at completing existing WMAs with a major emphasis on acquisition in the 18 county high population "growth corridor" from St. Cloud to the Twin Cities and Rochester. Purchase of development rights (PDR) adjacent to existing WMAs will preserve open space and farmland, prevent encroachment of buildings and structures, and lessen the potential to restrict public hunting on the WMA. PDRs would offer another option to protect open space and habitat adjacent to existing WMAs that may interest certain landowners. This would be accomplished by permanently restricting the land's development rights by placing a conservation easement on the land. Willing landowners would sell their right to develop land to the state; the land remains in private ownership. There are no provisions for public use and the landowner retains all other rights and responsibilities of land ownership.

In addition to protecting wildlife habitat, the WMA acquisition program is important in conserving surface water, preserving unique vegetation, natural beauty and open space, and providing areas for outdoor recreation compatible with wildlife management. Acquisitions of wildlife lands are guided by statute, *Fish and Wildlife Long Range Plan* and *Wildlife Management Area Long Range Acquisition Plan*. The Division's acquisition priority lists are based on willing sellers within project boundaries. Acquisition goals cannot be met without new appropriations for this purpose. Existing funds from the wildlife acquisition surcharge provides about \$750,000 annually for acquisition. Critical habitat match has helped but acquisition through match payments is often restricted by donation contingencies. Presently there are willing sellers for over \$9.0 million of priority WMA lands.

RIM - Wildlife Development/Habitat Improvement:

Habitat on WMAs will be improved and public wildlife related outdoor experiences enhanced on WMAs and other state lands through development and habitat improvement activities. 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. Purchased lands need to be surveyed and posted to protect land values and existing investments into the future. Accesses to state lands need to be developed so that users can safely and reasonably enjoy these resources.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The 2000 legislature appropriated \$750,000 for the CHM Program as part of the 2000 Capital Budget. The special critical habitat license plate authorized in 1995 currently provides an additional \$900,000 per year to the CHM Program. Existing donations and approved pledges exceed current available CHM matching dollars by \$3.4 million. Along with new donations averaging \$1.5 million per year over the

past five years, at least \$5 million in additional state funds will be needed to meet the needs for FY 2003 and FY 2004. Donations to the state could be lost and sensitive critical habitat lands would be threatened if RIM matching dollars are not available.

Acquisition of lands under the CHM program will increase agency costs in two 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 a 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. Operating funds are used to plan, operate and manage wildlife lands and associated facilities. Once a WMA is posted, nesting cover planted and primitive facilities developed, future maintenance obligations are required

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. RIM Critical Habitat Matching funds provide opportunities for habitat development where matching partners are available; in many areas assistance is limited.

OTHER CONSIDERATIONS:

The CHM Program is one of the most innovative and successful programs in the country for enhancing environmental quality; fish, wildlife, and native plant habitats; and recreation. The program has been highly successful in leveraging non-state funds. Over 426 different donors, including 212 conservation groups, 16 corporations, and 193 individuals, have contributed \$5.3 million in cash and \$19.4 million in land to the state through the CHM Program. Major donors include: The Nature Conservancy, Ducks Unlimited, Pheasants Forever, and the Minnesota Deer Hunters Association.

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 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 establish cover on existing 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, ADDRESS, PHONE, FAX, AND E-MAIL:

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Natural Resources, Department of
RIM - Consolidated Wildlife/Critical Habitat

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$12,148	\$3,863	\$5,393	\$5,393	\$26,797		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						07/2002	06/2004
State Staff Project Management	1,343	429	599	599	2,970		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	2,090	758	1,058	1,058	4,964		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	15,581	5,050	7,050	7,050	34,731		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$15,581	\$5,050	\$7,050	\$7,050	\$34,731		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	3,250	3,000	5,000	5,000	16,250
General Fund Projects	5,500	0	0	0	5,500
Env & Natural Resoures	1,760	0	0	0	1,760
Minnesota Resources	120	0	0	0	120
State Funds Subtotal	10,630	3,000	5,000	5,000	23,630
Agency Operating Budget Funds	3,184	1,800	1,800	1,800	8,584
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	1,767	250	250	250	2,517
Other	0	0	0	0	0
TOTAL	15,581	5,050	7,050	7,050	34,731

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	22	22	22
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	22	22	22
Revenue Offsets	0	0	0	0
TOTAL CHANGES	0	22	22	22
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2000, Chapter 492, Article 1, Section 7, Subd. 27	750
Laws of Minnesota 1998, Chapter 404, Section 7, Subd.	5,500
Laws of Minnesota 1997, Chapter 216, Section 15, Subd. 17 (i) & L	1,130
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 22	2,500
Laws of Minnesota 1996, Chapter 407, Section 8, Subd. 7 (a)	750
TOTAL	10,630

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This ongoing acquisition program is normally funded in the capital budget at the approximate level as this request. Funding supports the preservation of unique habitat, which is a core value of the department.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$3 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	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	5
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	360

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2002 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 7 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

Rivers are among the most greatly impacted ecosystems in Minnesota. Degraded rivers provide degraded values; water quality, biological condition (e.g., loss of species), erosion and sediment movement, hydrology (amount and timing of water flow) and aquatic habitat are all affected. Restoration of rivers will improve property values, fish and wildlife habitat, water quality, and water availability, while reducing erosion and downstream flooding.

Stream Restoration - Design (\$85,000)

This request for Stream Restoration design is necessary to ensure that restoration work follows natural channel design principles and is implemented with knowledgeable staff oversight. Restoration refers to returning the river to a condition where its dimensions, pattern and profile are matched with the water and sediment provided by its watershed, so that the design channel neither accumulates or removes sediment from its bed. The best blue print for these design concepts are available through close (quantified) observations of the natural, stable channel form. This work requires specific knowledge and application of watershed hydrology, river morphology, sediment size, and channel behavior. When the design plans are completed, digging the channel to specifications, in terms of its location and pattern on the land, bed and bank elevations, channel width and shape (i.e., riffles are shaped differently than pools), sloping the banks and floodplain at the proper grades, successful restoration requires construction of riffles for bed stability, installation tree revetments for bank stability, landscaping, including installation of willow stakes, laying wood fiber mats and replanting the construction area with seeds.

Stream Restoration - Implementation: (\$415,000)

This request for Stream Restoration implementation places priority on a group of stream projects, listed below. Project costs include those associated with engineering services including survey work to develop topographical maps, work to incorporate design and develop plans and specifications, produce bid and specifications package, and schedule construction.

Sandy River near MacGregor. (\$110,000)

The Sandy River has been identified previously as a major source of sediment and nutrients into Big Sandy Lake. Based on the results of previous research, it is believed that the channelization of the river is a major factor of this phenomena. Two and one-half miles of upstream river have been identified as candidate for potential restoration.

Chippewa River at Big Bend: (\$125,000)

A sequence of years of high flood flows in the Chippewa River has accelerated erosion of a high (50+ feet) vertical bluff in the river, near the town of Big Bend. Unfortunately, on the top of this bluff sits a community cemetery. Unless the river is stabilized in this area, either through relocation of the meander bend or natural stabilization of the bank, the erosion threatens to wash the cemetery into the river.

Dalen Coulee: (\$90,000)

The Dalen Coulee is one of the few remaining small waterways on the floor of the Red River valley that has not been entirely converted to a ditch or field drainage system. However, much of the existing channel is shallower and wider than would be expected for a natural channel and, in many places, the channel is filled with cattail. Our proposal includes establishing a native vegetation corridor along the waterway, restoring a wetland basin in the upper portion of the waterway, and rehabilitating approximately one mile of river channel.

Sturgeon River, St. Louis County: (\$80,000)

The Rainy River/Lake of the Woods lake sturgeon population is in a state of recovery. The Littlefork River and its tributaries provide valuable spawning habitat for this population of lake sturgeon. Reconnaissance done by the DNR in the year 2000 identified two major log jams which are restricting the movement of fish. Removal of the log jams using heavy equipment and correcting the underlying cause of the channel downcutting would make an additional 34.5 miles of stream available as spawning and nursery habitat for migrating lake sturgeon, a species of special concern.

Gorman Creek in Wabasha County: (\$10,000)

Gorman Creek is a small brook trout stream in southeastern Minnesota that has been impacted by channelization and land use. This project would finish implementing a natural channel design, restoring the channel to a meandering pattern, with low width/depth ratio and a well developed floodplain and riparian area. The final restoration would incorporate 10 riffles and establish excellent habitat conditions for brook trout.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTES):

New restoration projects increase the workload within the stream habitat program. The level of funding in the two areas reflects that which is necessary to do all of the work, from field work to extract the channel geometry and ratios to be used in the design, to the design work itself and the work associated with bringing the design on paper to the landscape (contractor supervision and oversight) as well as the costs for engineering services and the contractor.

OTHER CONSIDERATIONS:

Too many "river restorations" have been aimed at stabilizing the river, with "hard controls" (concrete and rip rap). Often these approaches have led to the need for additional work, as impacts were moved downstream or habitat was lost. The restoration approach being proposed has been shown to be successful, in terms of physical (geomorphological) stability, as well as providing for fish habitat, and aesthetics.

Previous Project Funding: In 1999, Stream Protection and Restoration was funded at \$1 million.

PROJECT CONTACT PERSON, TITLE, AND PHONE:

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Natural Resources, Department of
Stream Protection & Restoration

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						07/2002	06/2004
State Staff Project Management	43	43	85	85	256		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	457	457	915	915	2,744		
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	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	500	500	1,000	1,000	3,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$500	\$500	\$1,000	\$1,000	\$3,000		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	500	1,000	1,000	2,500
General Fund Projects	500	0	0	0	500
State Funds Subtotal	500	500	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	500	500	1,000	1,000	3,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 17	500
TOTAL	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is part of the agency's preservation and restoration mission and represents a reasonable level of effort.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$500,000 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	75
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	260

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2002 STATE APPROPRIATION REQUEST: \$1,500,000

AGENCY PROJECT PRIORITY: 8 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$1.5 million in bonding for a major rehabilitation and improvement program. Funding of this request will offer water recreational opportunities to the public by providing public access, which include boat access, canoe access, fishing piers, and shore fishing. This request has become more urgent since this program received no capital funds in the 2000 capital budget. The statewide system now includes 1,550 boat access sites, 250 fishing piers and shore fishing sites. Many of these facilities have been in use for two 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 overused sites
- Acquisitions to expand or relocate existing sites

Shore Fishing

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

A typical Department of Natural Resources (DNR) boat access site is one to seven acres in size, contains an entrance road, 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.

We have a statewide list of boat access projects of over \$5 million and a backlog of fishing pier requests of over 50. About 10% of fishing piers need replacement or partial replacement every year. Nearly all fishing pier and shore fishing projects, and

some boat access projects, are developed in cooperation with local governments. This proposal will allow for rehabilitation of about 15 to 20 boat access sites and 3 to five fishing piers.

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 access 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 address 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 access site expansion or relocation and purchasing land. Both the metro study and a Brainerd area boating study completed in 1998 show that boat size is becoming longer (from an average of 16 feet in the mid eighties to 18 feet now), and motors are larger (45 hsp in the mid-eighties to 95 hsp now). 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 2001, Minnesota was fourth in the nation with over 812,000 registered boats. Minnesota is highest in the nation in boats per capita *with one boat for every six 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 also 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 more parking to ease congestion and prevent conflicts. Recent boating surveys conducted in the Metro and Brainerd areas document these needs.

About 10% 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.

IMPACT ON STATE 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 will actually reduce maintenance costs due to an upgraded facility (such as new blacktop vs. gravel now). Any reduction in maintenance costs will be used to help offset the impact of inflation in the future.

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. Local units of government typically provide day-to-day maintenance and major repairs are funded by the state.

OTHER CONSIDERATIONS:

Federal Funding:

Under the federal Wallop-Breax Act, Minnesota's boat access program earns federal funds from two 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 \$2.1 million of state funds on boat access annually to earn over \$1.6 million of federal funds. At the federal level, these funds are administered by 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 \$600,000 per year on a 50/50 match basis using state capital funds.

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

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$3,105	\$100	\$500	\$500	\$4,205		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	423	100	200	200	923	07/2002	06/2004
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
4. Project Management						07/2002	06/2004
State Staff Project Management	365	100	200	200	865		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	8,182	1,200	2,100	2,100	13,582		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	12,075	1,500	3,000	3,000	19,575		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$12,075	\$1,500	\$3,000	\$3,000	\$19,575		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	4,000	1,500	3,000	3,000	11,500
General Fund Projects	2,000	0	0	0	2,000
Env & Natural Resoures	3,465	0	0	0	3,465
Minnesota Resources	2,310	0	0	0	2,310
General	300	0	0	0	300
State Funds Subtotal	12,075	1,500	3,000	3,000	19,575
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	12,075	1,500	3,000	3,000	19,575

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 14, Subd's. 5 (e) & (f)	3,760
Laws of Minnesota 2000, Chapter 492, Article 1, Section 7, Subd. 19	4,000
Laws of Minnesota 1999, Chapter 231, Section 16, Subd. 13 (f)	1,310
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 21	2,000
Laws of Minnesota 1997, Chapter 216, Section 15, Subd's. 17 (o) & (p)	705
Laws of Minnesota 1997, Chapter 216, Section 5, Subd. 6	300
TOTAL	12,075

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is part of the agency's recreational commitment and has received LCMR funding in the past. Because this request is for rehabilitation of existing facilities, no impact to the operating budget is expected.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$1.5 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	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	50
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	365

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2002 STATE APPROPRIATION REQUEST: \$2,550,000

AGENCY PROJECT PRIORITY: 9 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$2.550 million in bonding to continue trail development of three state trails: Goodhue Pioneer, Gitchi Gami, Shooting Star, and for trail rehabilitation projects on the Munger, Luce Line, and Douglas Trails.

Trail Acquisition & Development

	Amount (\$000's)
Goodhue Pioneer Trail	\$ 475
Finish the development between Red Wing and Hay Creek, and continue development between Zumbrota to Haycreek.	
Gitchi Gami	725
Continue development through Gooseberry Park, anticipating TEA21 grant of \$300,000.	
Shooting Star Trail	450
Continue Phase II acquisition and to start development from Taopi to Adams (6 miles).	
Sub Total	\$1,650

Trail Rehabilitation

	Amount
Munger Trail	\$ 300
Rehabilitation of the grade from Carlton to west Duluth, repair newly developed slumps and stabilize areas prone to erosion, and rehab bridges.	
Luce Line	300
Resurface approximately one-third of the trail (10 miles) with limestone between Plymouth and Winsted (33 miles).	
Douglas Trail	300
Redevelop one-third of this 12 mile trail; the existing bituminous surface is over 17 years old.	
Sub Total	\$ 900
TOTAL	\$2,550

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

It is anticipated that the completion of these trail segments will increase our operating costs by \$24,000 per year beginning in FY 2006. The operating budgets include labor salary, equipment, supplies, and materials. Exact costs are subject to the combination of trail uses served by the trails, the level of use, 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 \$1,000 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:

The development projects, because of their locations, are high-quality attractions. These trails offer great potential for return on state funds. These trails support year-round, intensive use. These trails enjoy 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.

The three rehabilitation projects will help reduce maintenance costs and help extend the life of the facility. Also, those projects that call for resurfacing would greatly increase the quality of the facility, which leads to greater user satisfaction.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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	2,076	285	200	200	2,761	07/2002	06/2004
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	18,684	2,565	1,800	1,800	24,849		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	20,760	2,850	2,000	2,000	27,610		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$20,760	\$2,850	\$2,000	\$2,000	\$27,610		

Natural Resources, Department of
State Trail Acquisition & Development

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	10,750	2,550	2,000	2,000	17,300
General Fund Projects	6,900	0	0	0	6,900
Env & Natural Resoures	1,000	0	0	0	1,000
Minnesota Resources	1,440	0	0	0	1,440
General	670	0	0	0	670
State Funds Subtotal	20,760	2,550	2,000	2,000	27,310
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	300	0	0	300
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	20,760	2,850	2,000	2,000	27,610

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	48	48
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	48	48
Revenue Offsets	0	0	0	0
TOTAL CHANGES	0	0	48	48
Change in F.T.E. Personnel	0.0	0.0	1.0	1.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Sec. 14, Subd's. (i), (j) & (k)	2,440
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd. 15	3,400
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 22	10,250
Laws of Minnesota 1997, Chapter 216, Section 5, Subd. 6	670
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 12	4,000
TOTAL	20,760

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	2,550	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This request provides funding for a core function of the agency's recreational mission.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$2.55 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	35
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	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	325

2002 STATE APPROPRIATION REQUEST: \$600,000

AGENCY PROJECT PRIORITY: 10 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

The Well Sealing Program was mandated by the 1989 Groundwater Act and directly addresses public health and safety. M.S. 103I.311 requires the Commissioner of the Department of Natural Resources (DNR) to inventory wells on state property (of which the DNR owns about 95%) and to prepare a plan and appropriation request to seal the inactive wells. Unused wells should be sealed so that they don't become a pathway for contamination to get into ground water. Inactive wells on land acquired by the DNR after 1990 are sealed as part of the land development process and are not a part of this program. Private land owners are required to seal unused wells on their property.

Since the 1991 legislature session a total of \$1.922 million (\$894,000 bonding and \$1.028 million general fund) has been made available for the Well Sealing Program. The Project Cost page shows expenditures for the last six years (1996 to present) of \$1.172 million. Cumulative program accomplishments projected through 6-30-02 includes 1,250 sites searched, 775 unused wells sealed, and well sealing completion in 72 counties.

This will leave about 420 sites unsearched and potentially 300-400 abandoned wells unsealed (15 counties unfinished). In order to complete all site investigations and well sealings it is estimated that the program will need to be funded through FY 2004 with an additional \$600,000 (\$175,000 for staff and expenses, and \$425,000 for well excavations and sealing).

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes \$175,000 from the General Fund/General Projects (110 Fund) for staff and related expenses needed for site searches, contract administration, and well sealing inspections.

OTHER CONSIDERATIONS:

Until all unused wells on DNR land are sealed, the DNR will not be in compliance with the law and may be liable for costs of ground water cleanup because of contamination entering these wells. Additionally, open dug wells pose a hazard to people and wildlife that may fall into them.

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						07/2002	06/2004
State Staff Project Management	552	175	0	0	727		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	620	425	0	0	1,045		
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	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	1,172	600	0	0	1,772		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$1,172	\$600	\$0	\$0	\$1,772		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	420	425	0	0	845
General Fund Projects	276	175	0	0	451
General	476	0	0	0	476
State Funds Subtotal	1,172	600	0	0	1,772
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	1,172	600	0	0	1,772

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 1998, Chapter 401, Section 4	476
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 15	696
TOTAL	1,172

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	425	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project received funding in 1996 and 1998. Previous funding was not sufficient to locate and seal all wells on state owned lands. The agency estimates that the requested funding will be enough to complete work statewide.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$600,000 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	40
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	25
Total	700 Maximum	255

2002 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 11 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$500,000 in bonding for the acquisition of aquatic management areas and for doing habitat improvement and development. These funds will be used to maintain and improve sustainable fisheries. Project funds will be used to implement lake/stream protection and management efforts, including but not limited to aquatic plant restoration, bank stabilization, aeration, and to acquire easements or fee title of parcels. The funds may provide financial and technical assistance to local governments and individuals to assist in projects that provide protection or access to aquatic systems.

The department's strategic plan, *Directions for Natural Resources 2000*, outlines the major goals and strategies for achieving the Department of Natural Resource's (DNR's) vision and provides the framework for guiding budget investment decisions. Acquisition and habitat improvements are a direct step to implementing two DNR goals and several strategies: 1) "Aquatic systems will have a high degree of ecological health and integrity," and 2) "Outdoor enthusiasts will have access to Minnesota's natural resources for a variety of recreation opportunities."

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The funds for this project will provide for the purchase of easement or fee title interest in properties where willing sellers are identified and to provide management and angler access and protection to aquatic habitats. The funds will also be used to support habitat improvements that may be done in cooperation with local watershed efforts. Without these funds, the department's ability to protect critical fish habitat and provide recreational access to Minnesota's aquatic systems is hampered. 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:

Fishing is the foundation of Minnesota's tourism industry, providing more than \$1.9 billion annually to the state's economy. Minnesota has about 1.6 million licensed anglers. The demand for property near or on the water is growing and many areas are starting to experience an increase in riparian area development. Acquisition of parcels will ensure that public access to water resources will be possible, that critical habitats can be protected, and that habitat improvement projects can take place so that Minnesota maintains its reputation for excellent fishing opportunities.

Today's economy presents opportunity for parcels to be acquired that have not been available. Staff indicates that many agricultural producers are looking to sell small parcels to raise money during this time when profits from farm products are low. In addition, the demand for shore land is increasing prices. Many individuals who have not considered selling parcels in the past are now showing interest. Some of these are significant natural resources that have been identified by Fisheries as eligible parcels.

The Division of Fisheries has spent an average of about \$200,000 from our annual operating budget to support personnel and projects that acquire parcels and that monitor and improve stream/lake conditions. Fisheries depend on outside funds for doing large-scale habitat improvements and for acquisition opportunities that can't be funded with operational funds. These funds will be used to work in those corridors of the state and on projects that are not currently identified in either the Heritage or Legislative Commission on Minnesota Resources (LCMR) appropriations.

Acquisition and habitat improvement projects are based on professional judgment of field managers. Projects must meet a variety of criteria to be eligible as defined in work program narratives. The Division of Fisheries develops prioritized lists of parcels and project areas that are valuable resource sites on a statewide basis. Staff then takes advantage of those opportunities that arise as willing sellers are identified or specific habitat improvement needs to be addressed.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$1,967	\$395	\$300	\$300	\$2,962		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	15	20	20	55	07/2002	06/2004
Contract Documents	0	90	100	100	290	07/2002	06/2004
Construction Administration	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	0	80	80	160		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	1,967	500	500	500	3,467		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$1,967	\$500	\$500	\$500	\$3,467		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	550	500	500	500	2,050
General Fund Projects	500	0	0	0	500
Env & Natural Resoures	917	0	0	0	917
State Funds Subtotal	1,967	500	500	500	3,467
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	1,967	500	500	500	3,467

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 1999, Chapter 231, Section 16, Subd. 13 (j)	350
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 17	500
Laws of Minnesota 1997, Chapter 220, Section 15, Subd. 17 (m)	567
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 20	300
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 19	250
TOTAL	1,967

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project represents a core function of providing recreational opportunities and preserving habitat. The requested level of funding reflects historical levels.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$500,000 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

2002 STATE APPROPRIATION REQUEST: \$1,000,000

AGENCY PROJECT PRIORITY: 12 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

The department requests \$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 500 acres. Lands will only be purchased from willing sellers at appraised values. Approximately 23 landowners in 18 different parks have expressed an interest in selling should funding become available. Delaying acquisition until later will 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 70 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, commercial developments, and industrial uses such as gravel mining are examples of the conflicting uses that occur within state park and recreation boundaries. These properties are located in many state parks across the state. Citizens from across the state will benefit from their acquisition.

The department's strategic plan report, Directions 2000, The Strategic Plan, outlines the major goals and strategies for achieving the Department of Natural Resources' (DNR's) vision and provides the framework for guiding budget investment decisions. This request supports the department's strategic plan and state park management plans for the acquisition of in-holdings within existing management units. DNR Directions: "Preserve natural, remote outdoor recreation opportunities through public land ownership and partnerships with private land owners." Also, "Develop and maintain outdoor recreation opportunities in and around urban areas through partnerships and acquisition."

The goal of the state park acquisition program is to purchase all private lands within the legislatively authorized state park and recreation area boundaries that are offered for sale by willing sellers. Of the 258,316 acres that are within authorized state park and recreation area boundaries, approximately 17% or 43,000 acres are privately owned. It would cost approximately \$39 million to acquire these lands.

Available funds will be used to purchase in-holdings. Eliminating in-holdings prevents conflicts between private use and the resource management and protection

goals of the state park system. An example of conflict is where the current owner is proposing a kalin mine that will severely impact the park. The noise pollution alone will severely impact the park users experience.

The alternative of not purchasing these in-holdings will mean eventual development, usually for housing, and they will be lost for park use for the foreseeable future.

IMPACT ON STATE 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 pay \$3 or three-quarters of 1% of assessed value per acre 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 and lost for state park use forever. Delay also means higher costs in the future.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$9,652	\$900	\$1,350	\$1,350	\$13,252		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						07/2002	06/2004
State Staff Project Management	1,070	100	150	150	1,470		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	10,722	1,000	1,500	1,500	14,722		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$10,722	\$1,000	\$1,500	\$1,500	\$14,722		

Natural Resources, Department of
State Park Acquisition

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,250	1,000	1,500	1,500	6,250
General Fund Projects	2,250	0	0	0	2,250
Env & Natural Resoures	5,606	0	0	0	5,606
Minnesota Resources	616	0	0	0	616
State Funds Subtotal	10,722	1,000	1,500	1,500	14,722
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	10,722	1,000	1,500	1,500	14,722

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 14, Subd. 5 (p)	1,726
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd. 8	500
Laws of Minnesota 1999, Chapter 231, Sec. 16, Subd. 4 (i) & Sec. 17	996
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 6	2,250
Laws of Minnesota 1997, Chapter 216, Section 15, Subd. 4 (a)	2,500
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 8	1,750
Laws of Minnesota 1996, Chapter 407, Section 8, Subd. 3 (b)	1,000
TOTAL	10,722

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This ongoing project has historically received capital budget funding. It serves the long-term interests of the state to make funding available before private in-holdings become available for sale.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$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	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	0
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	345

2002 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 13 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$500,000 for Prairie Bank Easements (PBE) acquisition and development funding. PBE acquisitions protect native prairie plant communities while leaving lands in private ownership.

PBE protect significant prairie resources, which provide recreational, educational and scientific opportunities for Minnesotans and non-residents alike. This acquisition program has received bond funding and the Environmental Trust Fund in the past. Prairie Bank acquisition protects native prairies that have never been plowed and are in danger of being lost unless protected.

PBE development ensures that the ecological values of easement lands are maintained. The development of previously acquired PBE includes restoration of fields to prairie, signing, posting, removal of trees and exotic species, fencing, and gating.

Prairie Bank Easements: \$450,000

At the present time, 31 Prairie Bank Easements protect 2,892 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. Perpetual easements allow limited grazing or haying if the landowner desires.

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

Prairies provide excellent wildlife habitat for nesting waterfowl, pheasant, and other upland nesting birds. The rich soil of most of Minnesota's productive farmland was formed under a prairie sod. Today, native prairies are important for agricultural research and provide valuable hay and pasture lands.

Of the state's existing native prairie, 75% is privately owned. Our long-range goal is to protect 75,000 acres of native prairie on private land. We hope to enroll about a third of this in the next 10 years. This request would enroll approximately eight prairie tracts, or 700 acres of prairie. This program provides landowners the option of keeping the land in private ownership while protecting the prairie for future generations.

For a permanent easement the landowner is paid 65% of the Reinvest in Minnesota (RIM) permanent marginal agricultural land payment rate (equal to 58% of the average estimated market value of cropland in the township). For an easement of limited duration the landowner is paid 65% of the permanent prairie bank easement. 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 NRCS, MES or SWCD) that would allow such use yet still protect the prairie. The payment rate is adjusted to reflect the retention of these rights.

Development: \$50,000

Development efforts are important to the long-term protection of acquired lands. Unless lands are adequately fenced, signed and posted, accidental trespass and destructive activities will take place. Without posting, landowners or others may encroach on the prairie. Fields occasionally included in acquired parcels also require restoration, which includes the collection and replanting of seed. Restoration also lessens the likelihood of problems from exotic species. Site management includes prescribed burning and control of exotic plants.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

As new Prairie Bank Easements are acquired, annual operating costs will increase. Acquisition of PBE adjacent to existing DNR lands or PBE sites often results in an actual decrease in management cost.

OTHER CONSIDERATIONS:

Funds have historically been appropriated through bonding or from the Environmental Trust Fund for development and acquisition for this program.

If additional funding is not provided for Prairie Bank, private prairie lands will be lost to continued agricultural conversion and intensive grazing.

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$1,300	\$384	\$384	\$384	\$2,452		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						07/2002	06/2004
State Staff Project Management	100	71	71	71	313		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	45	45	45	135		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	1,400	500	500	500	2,900		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$1,400	\$500	\$500	\$500	\$2,900		

Natural Resources, Department of
Prairie Bank Easements

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,000	500	500	500	2,500
General Fund Projects	400	0	0	0	400
State Funds Subtotal	1,400	500	500	500	2,900
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	1,400	500	500	500	2,900

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	14	28	32
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	14	28	32
Revenue Offsets	0	0	0	0
TOTAL CHANGES	0	14	28	32
Change in F.T.E. Personnel	0.0	0.3	0.6	0.9

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2000, Chapter 492, Article 1, Section 7, Subd. 29	1,000
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 18	400
TOTAL	1,400

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project supports the core function of preserving the states natural resources. There is still \$700,000 of the \$1.0 million appropriation made in FY 2000 that was unobligated on 1/4/02.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$500,000 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	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	290

2002 STATE APPROPRIATION REQUEST: \$15,500,000

AGENCY PROJECT PRIORITY: 14 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request will provide \$15.5 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 of Natural Resources (DNR) to make cost-sharing grants of up to 50% (75% for projects that have gone through the Red River Mediation process) of project costs to study and implement measures that will reduce or eliminate flood damages. Appropriation language in the 1999 session provided additional state funding to pick up that portion of the local share of projects that exceeded 2% of median household income. This request is for the state share of ongoing projects.

The 1997 and 2001 floods created a significant awareness of the damage floods can cause. Minnesota's flood damages in 1997 are estimated to have exceeded \$1.5 billion. It is very cost effective to prevent the damages instead of having to do flood fighting and then extensive repair and rehabilitation of communities. Minnesota's repetitive flood damages could be significantly reduced by a long-term commitment of funding of at least \$100 million over the next 10 years.

Federal Flood Control Projects - \$14.5 million

This includes funding to keep the federal flood control projects on schedule. Approximately 65% federal and 35% non-federal shares fund these projects. Under the Flood Damage Reduction Program the non-federal costs are split 50/50 (a one-time appropriation in the 1999 session based the split on 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 provided funding for projects in Warren, Crookston, East Grand Forks, Breckenridge, Montevideo, and Dawson that are not fully complete. The project costs may exceed estimates and may require additional funding.

- **City of Warren**

The city of Warren is enrolled in the Natural Resources Conservation Services Small Flood Control Projects Program. These bonding funds will be used for a portion of the state match for the project. This project will provide both structural and non-structural flood damage reduction measures in this community. The estimated funds needed to fully meet the state's share of project costs are \$2.3 million. The 2% portion will require an additional \$2.0 million.

- **City of East Grand Forks**

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 \$137 million. The non-federal portion of Minnesota's project is \$61.2 million. To date, the legislature has provided \$41 million for this project. The total state cost-share is estimated to be \$59.5 million. At the 2% of median household income threshold, the city's responsibility is \$1.6 million. Significant construction will be occurring in 2002 and 2003, and more than \$11 million is needed this biennium for the state's share of project costs.

- **Other Federal Flood Control Projects**

The other federal projects in Breckenridge, Montevideo, Dawson, and Crookston will be funded to the extent possible if the projects in East Grand Forks and Warren do not proceed as scheduled. The projects in East Grand Forks and Warren are the furthest along. The Breckenridge project is dependent on new federal appropriations. With no other changes in federal funding or delays, East Grand Forks needs at least \$11 million and Warren needs at least \$3.5 million.

Non-Federal Flood Control Projects - \$1.0 million

- **Red River Mediation**

The Agassiz Valley, North Ottawa, and Thief River projects are in various stages of development/construction. This \$1.0 million request for funds will be used to continue these projects.

The DNR is aware of approximately \$300 million of potential flood damage reduction grants projects. Potential projects include:

- Granite Falls – acquisitions and relocations.

- Austin, Eagan, Spring Valley, Minneapolis, Oakport Township, Afton, St. Croix Beach, St. Mary's Point, and St. Anthony – acquisition, impoundments and storm water management.

Since 1987, approximately 340 grants totaling over \$80 million in state bonding funds and \$7.4 million in state general funds 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 STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Existing staff funded with General Fund appropriations are sufficient to administer 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 DNR 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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DNR Waters
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St. Paul, MN 55155-4032
Phone: (651) 296-4810
Fax: (651) 296-0445
E-mail: kent.lokkesmoe@dnr.state.mn.us

Natural Resources, Department of
Flood Hazard Mitigation Grants

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	90,058	57,250	56,588	36,688	240,584		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	90,058	57,250	56,588	36,688	240,584		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$90,058	\$57,250	\$56,588	\$36,688	\$240,584		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	53,458	15,500	15,000	15,000	98,958
General Fund Projects	31,200	0	0	0	31,200
State Funds Subtotal	84,658	15,500	15,000	15,000	130,158
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	5,000	40,000	40,000	21,000	106,000
Local Government Funds	400	1,750	1,588	688	4,426
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	90,058	57,250	56,588	36,688	240,584

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 12, Section 3	2,000
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd's. 23&24	14,300
Laws of Minnesota 1999, Chapter 240, Article 1, Sec. 4, Subd's. 2 & 3	18,968
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 9	30,000
Laws of Minnesota 1997, 2SS Chapter 2, Sec. 3, Subd's. 2,3,4, & 5	13,900
Laws of Minnesota 1997, Chapter 246, Section 3	4,000
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 17	1,490
TOTAL	84,658

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	15,500	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project provides funding to minimize the damage and long term costs caused by flooding. The request represents the state share of projects already under construction. Federal funding delays have slowed the progress of these projects, but the commitment has been made. Although extremely expensive, the risk of not funding these projects would be to jeopardize the funds spent in the past, and increase vulnerability to future flood damage.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$15.5 million for this project, contingent on federal and local matching funds.

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	50
User and Non-State Financing	0-100	75
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	380

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2002 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 15 of 17 (Non-Building Projects)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$500,000 in bonding for state forest land acquisition.

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

The six-year strategic plan for this program included the acquisition of parcels from a list of 4,110 acres of private land from willing sellers within the boundaries of nine state forests at an estimated cost of \$4.328 million. It is estimated that the 1998 capital bonding appropriation of \$800,000 will reduce the total on this list by about 600 acres by the time the funds are expended. A \$500,000 appropriation will be used to acquire critical parcels in key locations that are under immediate development pressure.

Remaining portion of the six year plan Dollars in thousands		
RJ Dorer Memorial Hardwood Forest	800 acres	\$ 688
Sand Dunes State Forest	325 acres	650
Pillsbury State Forest	1,525 acres	1,380
Crow Wing State Forest	473 acres	567
Other State Forests	252 acres	180
Total	3,375 acres	\$3,465

Previous Project Funding:

Appropriations made for state forest land acquisition during the last six years include (in \$000's):

M.L. 1994, chapter 643	\$ 250 Bonding
M.L. 1997, chapter 216	400 Trust Fund
M.L. 1998, chapter 404	800 Bonding
Total	\$1,450

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The acquisition of state forest lands will increase the payment in-lieu-of-taxes made under M.S. 477A.12.

OTHER CONSIDERATIONS:

When private inholdings are developed within state forests, management and use of adjacent state lands are often incompatible with the desires of private landowners. Deferral of this project will result in the development of forest inholdings for residential or private recreational purposes. State forests are coming under increasing pressure to stop practicing forest management and restrict public recreation on state lands that are adjacent to private lands.

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

Steve Simmer, Forest Recreation and Land Program Coordinator
DNR Division of Forestry
500 Lafayette Rd, Box 44
St Paul, MN 55155-4044
Phone: (651) 297-3508
Fax: (651) 296-5954
Email: steve.simmer@dnr.state.mn.us

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2004
Land, Land Easements, Options	\$1,040	\$450	\$870	\$1,740	\$4,100		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						07/2002	06/2004
State Staff Project Management	160	50	130	260	600		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	1,200	500	1,000	2,000	4,700		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$1,200	\$500	\$1,000	\$2,000	\$4,700		

Natural Resources, Department of
State Forest Land Acquisition

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	500	1,000	2,000	3,500
General Fund Projects	800	0	0	0	800
Env & Natural Resoures	400	0	0	0	400
State Funds Subtotal	1,200	500	1,000	2,000	4,700
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	1,200	500	1,000	2,000	4,700

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 11	800
Laws of Minnesota 1997, Chapter 216, Section 15, Subd. 16a	400
TOTAL	1,200

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This ongoing program has historically received capital budget funding. The amount recommended is a reasonable level of effort.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$500,000 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	20
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	295

2002 STATE APPROPRIATION REQUEST: \$1,750,000

AGENCY PROJECT PRIORITY: 16 of 17 (Non-Building Projects)

PROJECT LOCATION: Knife River, McQuade Road

PROJECT DESCRIPTION AND RATIONALE:

McQuade Road: \$1.5 million

This request is for \$1.5 million to complete/development of a safe harbor and 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.

New legislation passed in 2001 (1SS Chapter 2, Section 158) requires the Department of Natural Resources (DNR) to acquire the land owned by the city of Duluth without undue delay. This is the final parcel of land needed to construct the project. The acquisition will be completed by either lease or, if necessary, eminent domain.

The McQuade Road site in Duluth and two 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, four launch ramps, three docks, 90 car/trailer, and 35 car only parking spaces. Additional federal funds will be needed to complete this project by providing for restrooms, walking paths, benches, fishing piers, a fish cleaning station, public information, and native vegetative plantings.

In the 1996 Capital Budget, the legislature appropriated \$500,000 for this project to acquire the private land. The city of Duluth donated \$50,000 to the DNR for planning and design.

Federal funds totaling \$350,000 were appropriated to the Army Corps of Engineers for preliminary survey and design review in FY 1998 and 1999.

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

Project	Federal	LCMR	2000 Bonding	Total Funds Appropriated	Bonding Request
McQuade	\$2,000	\$500	\$2,000	\$4,500	\$1,500

Additional federal funds of \$2 million will be requested.

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.

Knife River: \$250,000

Knife River Marina was transferred to the DNR through a land exchange with Lake County in May 2001. Under the agreement with Lake County, the DNR will own and operate the marina and lease the improvements (dockage and buildings, etc). The DNR agreed to seek capital funds to purchase the improvements for \$250,000. This request is for that purpose.

The marina is currently operated by a private vendor under a lease transferred from the county to the DNR for a period of three years with the option to extend it for up to two years.

The facility is both a federal and state designated harbor. The Corps built the harbor over 30 years ago with minimal cost share from Lake County. Very few improvements have been made to the harbor or marina since it was built. The 2001 legislature appropriated \$150,000 to the DNR to complete essential repairs and allow the DNR to bring the facility into compliance with building and electrical codes, make immediate repairs to the docks, and the fuel system, etc.

The facility is in need of complete rebuilding and expansion, which will be requested in the future. A local committee has begun meeting to make recommendations to the DNR. The DNR intends to work with the Corps of Engineers and Lake County to make this a quality facility similar to the Silver Bay Safe Harbor and Marina.

The Corps has identified a deficiency in the design of the harbors entrance. The entrance needs redesign and an additional breakwater to make it a safe harbor under today's standards. This work should be eligible for 100% federal funding. State and federal matching funds would be used to rebuild and expand the harbor basin and rebuild the marina and public access infrastructure. The existing boat access at the facility is in poor condition and needs to be relocated and redesigned.

The facility currently provides the public the opportunity to access Lake Superior providing both access for trailerable boats (although poor) and access to the beach for the general public through the marina and adjacent Lake County lands.

The facility offers almost no transient slippage at this time, as the facility is refurbished, transient slips will be added.

IMPACT ON STATE 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. Revenues 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. DNR is responsible for maintaining the facility at McQuade Road.

OTHER CONSIDERATIONS:

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

The FY 2004-05 request will include a request to complete the remaining infrastructure at Silver Bay estimated at \$1.5 million. This will include the remaining dockage, parking lot, winter storage area, and amenities. In addition the FY 2004-05 request will include a harbor entrance reconfiguration, public boat access, dockage expansion, and other improvements at the Knife River Marina (\$4 million) and an additional \$1 million for dockage and landside improvements at Two Harbors. The city of Grand Marais and the Grand Portage Band have requested DNR to explore major improvements to their harbors, similar to the harbor and boat access at Silver Bay. Taconite Harbor construction will be completed in summer 2001.

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Natural Resources, Department of
Lake Superior Safe Harbors

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2002	06/2003
Land, Land Easements, Options	\$300	\$0	\$0	\$0	\$300		
Land and Buildings	0	250	0	0	250		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	1,345	0	600	800	2,745	07/2002	06/2004
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
4. Project Management						07/2002	06/2004
State Staff Project Management	1,335	0	200	800	2,335		
Non-State Project Management	0	0	400	1,000	1,400		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	15,385	1,500	9,600	13,400	39,885		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	18,365	1,750	10,800	16,000	46,915		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$18,365	\$1,750	\$10,800	\$16,000	\$46,915		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	3,500	1,750	6,500	8,000	19,750
General Fund Projects	5,000	0	0	0	5,000
General	400	0	0	0	400
Minnesota Resources	500	0	0	0	500
State Funds Subtotal	9,400	1,750	6,500	8,000	25,650
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	8,900	0	4,300	8,000	21,200
Local Government Funds	65	0	0	0	65
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	18,365	1,750	10,800	16,000	46,915

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	30	30	30
Building Operating Expenses	0	40	40	40
Building Repair and Replacement Expenses	0	30	30	30
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	100	100	100
Revenue Offsets	0	<142>	<142>	<142>
TOTAL CHANGES	0	<42>	<42>	<42>
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 14, Subd. 5 (g)	500
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd's. 20&21	3,000
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 24	5,000
Laws of Minnesota 1997, Chapter 216, Section 5, Subd. 6	400
Laws of Minnesota 1996, Chapter 463, Section 7, Subd. 24	500
TOTAL	9,400

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	1,750	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

Safe harbor projects contain both public safety and economic development components. The McQuade Road project provides for public safety and an additional public access point. The current plan also provides for adequate on-site parking. The Knife River rebuilding and repairs are appropriate maintenance projects.

This program has substantial balances from prior bond appropriations that remain uncommitted. As of 12/11/01, \$2.0 million (100%) appropriated in Laws of 2000, Ch. 492, Art. 1, Sec. 07, Subd. 20 for the McQuade Road project is still unobligated. This appropriation required a \$2.0 million federal match.

\$1.0 million (100%) appropriated in Laws of 2000, Ch. 492, Art. 1, Sec. 07, Subd. 21 for the Two Harbors project is also unobligated. This appropriation required a \$500,000 federal match.

\$3.2 million (65%) appropriated in Laws of 1998, Ch. 404, Sec. 7, Subd. 24 for the Two Harbors project is also unobligated. This appropriation also required a federal match, and was made from the general fund, not the bond proceeds fund.

Governor's Recommendation:

The Governor does not recommend capital funding for this request.

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	35
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	75
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

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2002 STATE APPROPRIATION REQUEST: \$0

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

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request (\$1 million in 2004 and 2006) is for condemnation of permanent school trust fund lands remaining within the statutory boundaries of management areas where statutory direction and resource management goals limit revenue generation from school trust fund lands. The commendations 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 commendation would focus on the following lands:

- State park in holdings of approximately 5,700 acres
- Scientific and natural areas in holdings of approximately 51,000 acres
- Wildlife management areas in holdings of approximately 90,000 acres
- The BWCAW in holdings of approximately 93,000 acres

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There is no anticipated impact on the agency's 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 trust fund for non-revenue generating uses of the trust lands.

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/2004	06/2006
Land, Land Easements, Options	\$0	\$0	\$1,000	\$1,000	\$2,000		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	0	1,000	1,000	2,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$0	\$0	\$1,000	\$1,000	\$2,000		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	0	1,000	1,000	2,000
State Funds Subtotal	0	0	1,000	1,000	2,000
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	0	1,000	1,000	2,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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 only)	Amount	Percent of Total
General Fund	0	0%
User Financing	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

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 (98-05). While the legislature has yet to resolve the statutory conflicts between preservation of resources and maximization of income, 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 the non-revenue producing usage of trust fund lands. Because a similar request for \$500,000 in the 2000 capital budget was not funded, this project requests no specific funding level, but serves as an opportunity to act on this issue should the legislature choose to do so.

Governor's Recommendation:

The Governor does not recommend capital funding for this request.

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	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	90

2002 STATE APPROPRIATION REQUEST: \$1,000,000

AGENCY PROJECT PRIORITY: 1 of 3 (Grant Programs)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$1.0 million in bonding for matching grants to cities, counties, townships and school districts for acquisition and protection of local natural and scenic areas with outstanding biological, geological, ecological and scenic values. This program is a tool in the department's efforts to work with communities in protecting and managing open space and natural habitat areas. Local governments complete the acquisitions and are reimbursed for 50% of the appraised value of the property. Local governments assume the responsibility for ongoing operations and maintenance of these areas and must not convert the property to other uses. This protects the natural and scenic values in perpetuity. This partnership arrangement allows the state to contribute to the protection of significant public natural resource areas without incurring long-term operating and maintenance costs. It also provides critical matching funds to encourage local governments to protect these areas.

Applications for grants through the Natural and Scenic Area Grants program will be due in the spring of 2002. A second round of applications would be due in the spring of 2003. The normal project period is two years, so most projects should be completed by the end of calendar year 2004. Project grant request amounts vary, but the statutory maximum grant for this program under M.S. 85.019 is \$500,000. In the 2001 grant round the department received applications totaling over \$2.5 million.

Interest in this program is growing throughout the state, but perhaps most intensively from the rapidly growing counties and cities in the fringe of the Twin Cities metro area. For example, 2001 applications were received from Benton, Sherburne, Wright, Goodhue, Chisago and Meeker counties and from the cities of Hugo, Dayton and Lester Prairie (McLeod County). Other fast growing communities included Rochester, LaCrescent (spillover growth from La Crosse, Wisconsin) and Lake City.

Several of these proposals included acquisition of property that would connect with or add to existing natural and open space areas, including linking local natural areas to existing state lands. In addition to addressing concerns about urban sprawl and the desire to provide habitat connections for wildlife, many of these projects provide other benefits such as environmental education opportunities and appropriate outdoor recreation opportunities. Often, these local projects complement state efforts to protect important wildlife or native habitat resources.

These grants are cost effective tools that enable the state to work collaboratively with local governments to help address the common goals of open space and habitat protection.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

No impact on the department's operating budget.

OTHER CONSIDERATIONS:

None.

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	29,902	4,000	4,000	4,000	41,902		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	29,902	4,000	4,000	4,000	41,902		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$29,902	\$4,000	\$4,000	\$4,000	\$41,902		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	500	1,000	1,000	1,000	3,500
General Fund Projects	3,700	0	0	0	3,700
Env & Natural Resoures	3,984	0	0	0	3,984
Minnesota Resources	5,654	0	0	0	5,654
State Funds Subtotal	13,838	1,000	1,000	1,000	16,838
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	1,113	1,000	1,000	1,000	4,113
Local Government Funds	14,951	2,000	2,000	2,000	20,951
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	29,902	4,000	4,000	4,000	41,902

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 15, Subd. 5 (b)	4,005
Laws of Minnesota 2000, Chapter 492, Section 7, Subd. 11	500
Laws of Minnesota 1999, Chapter 231, Section 16, Subd. 4 (a)	3,633
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 26	3,500
Laws of Minnesota 1998, Chapter 401, Section 4	200
Laws of Minnesota 1997, Chapter 216, Section 15, Subd. 4 (c)	2,000
TOTAL	13,838

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is normally funded in the capital budget. The amount requested is substantially less than the program typically receives.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$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	40
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	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	270

2002 STATE APPROPRIATION REQUEST: \$500,000

AGENCY PROJECT PRIORITY: 2 of 3 (Grant Programs)

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This request is for \$500,000 in bonding for matching grants to units of government for up to 50% of the costs of acquisition, construction, and engineering services for trails that connect communities, trails and parks. 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 grant 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 2003.

Last year the DNR received 26 Local Trail Connections grant applications with requests close to \$1 million. Project awards for this Local Trail Connections grant request of \$500,000 will benefit at least five communities (maximum grant of \$100,000 per project).

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This \$500,000 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 a 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.

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

Tim Mitchell, Grants Specialist, Trail Recreation Section
DNR Trails and Waterways Unit
500 Lafayette Road, Box 52
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E-mail: tim.mitchell@dnr.state.mn.us

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	4,162	615	1,230	1,230	7,237		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	4,162	615	1,230	1,230	7,237		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$4,162	\$615	\$1,230	\$1,230	\$7,237		

Natural Resources, Department of
State Trail Connections

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	500	500	1,000	1,000	3,000
General Fund Projects	1,000	0	0	0	1,000
Minnesota Resources	1,884	0	0	0	1,884
State Funds Subtotal	3,384	500	1,000	1,000	5,884
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	778	115	230	230	1,353
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	4,162	615	1,230	1,230	7,237

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Subd. 5 (c)	1,000
Laws of Minnesota 2000, Chapter 492, Article 1, Section 7, Subd. 16	500
Laws of Minnesota 1999, Chapter 231, Section 16, Subd. 4 (a) (3)	554
Laws of Minnesota 1998, Chapter 404, Section 7, Subd. 26	1,000
Laws of Minnesota 1997, Chapter 216, Section 15, Subd. 4 (c) (3)	200
Laws of Minnesota 1996, Chapter 407, Section 8, Subd. 3 (c)	130
TOTAL	3,384

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This project is part of the agency's recreational mission. The level of funding requested is approximately equal to the average of prior year appropriations.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$500,000 for this project, contingent on local matching funds.

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	50
Total	700 Maximum	235

2002 STATE APPROPRIATION REQUEST: \$8,000,000

AGENCY PROJECT PRIORITY: 3 of 3 (Grant Programs)

PROJECT LOCATION: 7 - County Twin City Metropolitan Region

PROJECT DESCRIPTION AND RATIONALE:

Eight million in state bonds is requested for recreation facility rehabilitation in the Metropolitan Regional Park System. This amount would be matched with \$5.33 million of Metropolitan Council bonds for land acquisition and new recreation facility development. All projects are prioritized by the Metropolitan Council in its 2002-2003 Metropolitan Regional Parks Capital Improvement Program (CIP).

The Metropolitan Regional Park System consists of 48,500 acres of parks and 135 miles of trails currently open for public use. The Metropolitan Council, with the advice of the Metropolitan Parks and Open Space Commission, designates units of the park system and prepares a Metropolitan Regional Parks CIP under MS 473.147. 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 St. Paul
Dakota County	Scott County
Hennepin Parks	Washington County

These regional park implementing agencies are responsible for spending the state and Metropolitan Council appropriations for capital projects in their jurisdiction. The Council grants the appropriations based on the prioritized list of projects in the 2002-2003 Metropolitan Regional Parks CIP.

With the exception of the Suburban Hennepin Regional Park District and Scott County, the regional park implementing agencies also own and operate local (non-regional) parks and trails, which serve neighborhoods or several communities. These non-regional parks and trails are not eligible for funding through the Metropolitan Regional Parks CIP. Instead, they are eligible to apply for state grants matched with local funds through the local recreation and trail grant programs administered by the Department of Natural Resources.

Over 29.1 million visits occurred in the Metropolitan Regional Park System in 2000. Of this amount, 40.1% or 11.66 million visits were from persons living out-of-state, from Greater Minnesota, and from the Metropolitan Area outside the park implementing agency's local jurisdiction. It is this non-local visitor origin pattern that justifies state and Metropolitan Council funding for these projects. The state

bond request is matched with Metropolitan Council bonds on a 60% state/40% Metropolitan Council bond ratio to fairly spread the costs of these capital improvements between all state taxpayers relative to their use of the park system.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There is no direct impact on state agency operating budgets since the state of Minnesota does not operate Metropolitan Regional Park System units. However, indirectly, the state's capital investment in the Metropolitan Regional Park System reduces the visitor impact on three state parks, one state recreation area and two state trails in the Metropolitan region. The reduced visitor pressure on the state park/trail units reduces the costs to operate and maintain those units.

OTHER CONSIDERATIONS:

The Metropolitan Regional Parks CIP projects are also eligible for funding with Environmental Trust Funds or Minnesota Future Resources revenues as recommended by the Legislative Commission on Minnesota Resources (LCMR). Any portion of the 2002-2003 Metropolitan Regional Parks CIP that is not financed with state bonds in CY 2002 will be considered for funding by the LCMR with Environmental Trust Fund or Minnesota Future Resources revenues in CY 2003. That appropriation would begin in state FY 2004.

The 2002-2003 Metropolitan Regional Parks CIP proposes that \$15.26 million of state funds be appropriated. \$7.26 million of state funds beyond the \$8 million requested in state bonds is needed to fully finance the state-funding portion of the CIP. Consequently, \$7.26 million will be requested of the LCMR. The LCMR request of \$7.26 million would be matched with \$5.35 million of Metropolitan Council bonds and \$4.52 million of TEA-21 grants to complete projects initially started with the \$8 million state bond request / \$5.33 million Metropolitan Council bond match as well as, undertake additional land acquisition, rehabilitation and development projects.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
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	107,968	13,330	43,110	26,500	190,908		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	107,968	13,330	43,110	26,500	190,908		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$107,968	\$13,330	\$43,110	\$26,500	\$190,908		

Natural Resources, Department of
Metro Regional Parks Capital Improvements

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	40,700	8,000	15,400	15,900	80,000
General Fund Projects	10,400	0	0	0	10,400
Env & Natural Resoures	12,140	0	7,260	0	19,400
Minnesota Resources	1,650	0	0	0	1,650
General	2,900	0	0	0	2,900
State Funds Subtotal	67,790	8,000	22,660	15,900	114,350
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	5,000	0	4,500	0	9,500
Local Government Funds	35,178	5,330	15,950	10,600	67,058
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	107,968	13,330	43,110	26,500	190,908

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of Minnesota 2001, 1SS Chapter 2, Section 14, Subd. 5 (a)	5,645
Laws of Minnesota 2000, Chapter 492, Article 1, Sec. 7, Subd. 13	16,000
Laws of Minnesota 2000, Chapter 492, Article 1, Sec.7, Subd. 12	5,600
Laws of Minnesota 1999, Ch. 231, Sec. 16, Sub.4(l) & (n),6(h) & Sec 17	3,295
Laws of Minnesota 1998, Chapter 404, Section 7, Subd's. 7 & 23	19,400
Laws of Minnesota 1997, Ch. 216, Sec. 15, Subd's. 4 (b), 6 (g) & 19(c)	4,000
Laws of Minnesota 1997, Chapter 216, Section 5, Subd. 9	2,900
Laws of Minnesota 1996, Chapter 463, Section 7, Subd's. 9 & 10	10,100
Laws of Minnesota 1996, Chapter 407, Section 8, Subd. 3 (a)	850
TOTAL	67,790

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This ongoing program has historically received capital budget funding. This funding is matched by the Metropolitan Council (60% state, 40% Met Council).

Governor's Recommendation:

The Governor recommends general obligation bonding of \$8 million for recreation facility rehabilitation projects, contingent on matching funds from the Metropolitan Council for land acquisition and new recreation facility development.

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	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	285

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Title	2002 Agency Priority Ranking	Agency Project Requests for State Funds (\$ by Session)				Statewide Strategic Score	Governor's Recommendations 2002	Governor's Planning Estimate	
		2002	2004	2006	Total			2004	2006
Capital Assistance Program	1	\$12,500	\$8,000	\$12,000	\$32,500	429	\$3,000	\$3,000	\$3,000
Total Project Requests		\$12,500	\$8,000	\$12,000	\$32,500		\$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. Helping Minnesota implement an integrated solid waste management system is an important function of the OEA. The OEA's partnerships with local units of government, businesses, and the waste industry are vital to the OEA's mission.

Integrated solid waste management uses a blend of waste management methods such as waste reduction, reuse, recycling, composting, waste-to-energy, and land disposal. This integrated approach results in recovery of resources from waste, reducing the overall risk and burden to the environment. Research has demonstrated the economic and environmental benefits of managing waste as a resource.

Building new public attitudes, cost-effective systems, and facilities have resulted in converting 62% of Minnesota's waste into resources, energy, and new products. Solid Waste Processing Facilities Capital Assistance Program (CAP) grants are one of the key ingredients in building the integrated solid waste management system serving Minnesota.

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

Minnesota's Waste Management Act guides the OEA and local units of government in solid waste management. 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. M.S. 115A.02 (b) lists the state's preferred waste management methods:

- waste reduction and reuse;
- waste recycling;
- composting of yard waste and food waste;
- resource recovery through MSW composting or incineration;
- 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

- 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.

The Waste Management Act outlines various programs and policies to move Minnesota away from a land disposal based solid waste system. Integrated solid waste management systems are preferred because they conserve resources and energy and minimize long-term environmental risks.

CAP provides financial assistance for local governments developing various types of recovery facilities that help to establish an integrated waste management system. CAP is a competitive, two-stage grant 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 OEA's main program to assist local governments in financing the infrastructure necessary for an integrated solid waste system.

The three major trends and policies affecting the need for additional investment in integrated solid waste management systems are waste growth, waste flow control, and landfills.

- **Waste Growth:** The 1990s were a time of rapid growth in waste generation in Minnesota. The municipal solid waste stream alone grew from 3.8 million tons per year in 1992 to 5.6 million tons per year in 2000, a change of 47%. During the same period, population grew from 4.5 to 4.9 million, just 9%. If waste generation continues to grow at the rates observed during the 1990s, it will overwhelm our existing waste management infrastructure requiring costly investments. Waste volumes have grown so fast that some resource recovery plants must by-pass large volumes of waste.

The OEA is charged with coordinating MSW planning efforts throughout Minnesota, and therefore seeks to understand how this growth may affect our future solid waste management systems and to identify what can be done to limit future growth and to develop an appropriate management system.

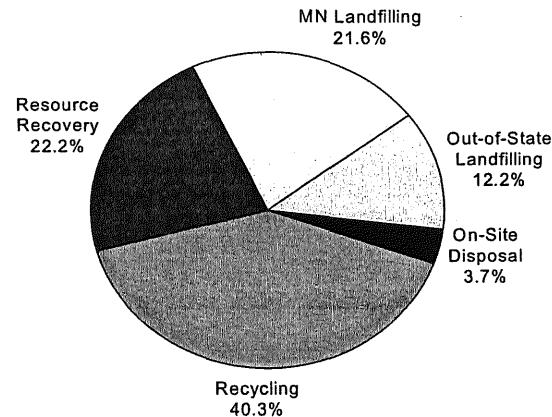
- **Waste Flow Control:** Resource recovery projects, funded by CAP, have been subject to substantial legal and financial pressures due to waste flow control issues. Prior to 1994, local governments could direct waste flow through local ordinances. These flow control/designation ordinances made up a key part of the environmental, financial, and technical foundation of resource recovery projects.

In 1994, the U.S. Supreme Court found some flow control/designation ordinances to be unconstitutional. This decision has led to numerous lawsuits and the closure of several resource recovery facilities. Alternatives to flow

control ordinances have been developed, but the perception of risk remains high among local governments and firms that own and operate resource recovery systems.

- **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.

Minnesota Solid Waste Management 2000
MN Solid Waste Generated: 5.6 million tons



Since 1997, recycling has fallen from 41% down to 40% of the total MSW waste stream; resource recovery has fallen from 30% down to 22%; landfilling of unprocessed waste has increased from 29% to 34%. Overall, recycling and resource recovery have fallen from 71% down to 62% while landfilling/unprocessed waste is on the rise. Minnesota is losing ground on developing a statewide integrated solid waste management system.

Minnesota counties have significant responsibility for waste management programs within their boundaries. Counties must ensure the development of waste management systems that 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.

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.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS IN RELATION TO CAPITAL REQUESTS:

One of OEA strategic goals is to help local units of government establish integrated waste management systems that recover materials and energy from waste. CAP grants help apply the most appropriate technology to the various segments of the waste stream. The CAP program provides 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 establishing an integrated system statewide, the OEA promotes the following three recommendations:

- **Waste Assurance:** The OEA will promote and support successful waste assurance models. Since this is a challenge to local units of government, the OEA will continue to provide assistance 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.
- **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 an orderly and deliberate planning process.
- **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. The CAP program provides funding preference and larger grants as incentives for the development of multi-county projects.

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

The state has provided approximately \$48 million for 89 projects to help finance the construction and expansion of 66 facilities: 25 recycling facilities, nine transfer stations, nine waste-to-energy facilities, 12 compost facilities, and 11 special waste stream facilities. A listing of all grant recipients is available on request.

Minnesota is a leader in recovering resources from solid waste. Forty percent of Minnesota's waste stream is recycled. Another 22% is maximized by the recovery of resources and energy at primary processing facilities (MSW composting and waste-to-energy). 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 and energy.

However, 38% of Minnesota's solid waste is neither recovered nor processed. It continues to go to landfills. New projects and expansion of existing projects are necessary to ensure the capacity to process the remaining waste and future increases in waste generation. This request will expand Minnesota's capacity to recover resources and energy. 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.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

In preparing this request of \$12.5 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 Preliminary Assessment of Regional Waste Management Capacity Report and the Metro Policy Plan.

The Project Narrative shows a draft listing of interested applicants. This list is merely the basis for the OEA's projection of funding needs for FY 2002; it does not represent actual projects to be funded.

For FY 2004 and 2006, OEA projected the 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 are expected to expand as well to meet a portion of the metro area needs.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1996-2001):

The state created the Demonstration Grant and Loan Program (DEMO) in 1980 to assess the need and interest of local governments in moving toward 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 \$47.9 million. Currently, all CAP grant funds have been awarded.

In addition to the \$47.9 million invested by the state, the CAP grant recipients have invested local funds of more than \$105.2 million in capital expenditures alone. Operations and maintenance costs for the projects are borne by the local governments and are over \$500 million per year.

Between 1996 – 2001, \$18 million in state grant funds for capital costs have been matched by local funds in excess of \$23 million. Of the total 89 grants that have been awarded to date, 21 were awarded during the last six years.

Summary Of Cap Funded Projects By Project Types

Project Type	# Awarded	Grant Amounts	Total Costs
TEST	12	\$ 685,758	\$ 685,758
Recycling	28	11,306,818	26,516,107
W-to-E	14	19,802,143	69,048,300
Compost	12	10,468,658	43,475,008
Transfer Station	9	881,809	3,884,984
HHW	10	2,106,786	4,511,080
Special Waste Stream	2	986,412	2,935,647
Yard Waste	<u>2</u>	<u>299,290</u>	<u>654,620</u>
TOTAL	89	\$46,537,673	\$151,711,504

In the program's early years, OEA funded \$1.4 million in administrative costs from bond proceeds. OEA now funds all administrative costs from its General Fund appropriation.

GLOSSARY

HHW Household hazardous waste.

Inciner 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.

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2002 STATE APPROPRIATION REQUEST: \$12,500,000

AGENCY PROJECT PRIORITY: 1 of 1

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

The purpose of this request is to provide \$12.5 million in grants to local governments for constructing solid waste resource recovery facilities. 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.

The Solid Waste Processing Facilities Capital Assistance Program (CAP) is designed to assist and provide financial incentives to local units of government implementing integrated solid waste management systems. The Office of Environmental Assistance (OEA's) goal is for Minnesota to have a fully integrated system serving Minnesota. 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 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.

Under CAP, eligible recipients are limited to Minnesota cities, counties, solid waste management districts, and sanitary districts. Eligible projects are solid waste processing facilities that include resource recovery. Examples of eligible projects are:

- Waste-to-energy facilities
- Recycling facilities
- Composting facilities
- Transfer stations that will serve waste processing facilities
- Projects to improve control of or reduce air emissions at existing resource recovery facilities
- 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
- Special waste streams (i.e., household hazardous waste)

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.

Examples of eligible capital costs are:

- 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 six years. The OEA's bond request of \$12.5 million for FY 2002-03 is the actual grant requests received as of 8-31-01.

Interested Applicant	Proposed Project	CAP Costs	Applicant's Costs	Total Costs
2002-03				
City of Chaska	Recycling	\$ 300,000	\$ 300,000	\$ 600,000
Clay County	MSW Recycling	2,000,000	2,873,084	4,873,084
Olmsted County	Upfront MRF	2,856,010	2,856,010	5,712,020
Pope/Douglas Cos.	Upfront MRF	2,264,000	2,283,000	4,547,000
City of Red Wing	Upfront MRF	2,010,000	2,110,000	4,120,000
City of St. Paul	Recycling	3,000,000	3,985,200	6,985,200
	Subtotal	\$12,430,010	\$14,407,294	\$26,837,304
2004-05				
St. Louis County	Processing	\$2,000,000	\$ 8,000,000	\$10,000,000
City of Fergus Falls	Upfront MRF	3,000,000	3,000,000	6,000,000
City of Perham	Upfront MRF	3,000,000	3,000,000	6,000,000
	Subtotal	\$8,000,000	\$14,000,000	\$22,000,000
2006-07				
North West	Processing	\$ 3,000,000	\$ 7,000,000	\$10,000,000
North Central	Processing	3,000,000	7,000,000	10,000,000
West Central	Processing	3,000,000	7,000,000	10,000,000
Southwest	Processing	3,000,000	7,000,000	10,000,000
	Subtotal	\$12,000,000	\$28,000,000	\$40,000,000

IMPACT ON STATE 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 program's technical and financial assistance, many local governments will not 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 program is an incentive and a partnership with local governments to develop an integrated solid waste management system. The OEA's administration of CAP helps to develop projects that are technically, institutionally, and financially sound.

GLOSSARY

MSW Mixed solid waste.

Processing MSW recovery through W-to-E, composting, recycling, etc.

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.

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

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Office of Environmental Assistance
Capital Assistance Program

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/1002	06/2008
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	153,100	26,908	22,000	40,000	242,008		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	153,100	26,908	22,000	40,000	242,008		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$153,100	\$26,908	\$22,000	\$40,000	\$242,008		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	47,900	12,500	8,000	12,000	80,400
State Funds Subtotal	47,900	12,500	8,000	12,000	80,400
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	105,200	14,408	14,000	28,000	161,608
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	153,100	26,908	22,000	40,000	242,008

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of 2000, Chapter 492, Article 1	2,200
Laws of 1999, Chapter 240	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
TOTAL	47,900

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	12,500	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
Yes	MS 16A.695: Use Agreement Required (as per Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

The Office of Environmental Assistance is requesting \$12.5 million in Government Obligation bonds for the Capital Assistance Program (CAP), an existing, competitive grant program administered by the OEA. The funds will be used to assist local governments build waste processing facilities that reduce landfill disposal.

The strategic score is based on the following:

- The request is consistent with the agency's mission, goals and legislative directives and is the only capital request submitted by the OEA.
- The program is offered statewide; individual grants primarily benefit local communities and regional areas.
- The program may fund between 25% and 75% of total project costs. The score of 54 for user and non-state financing reflects the breakdown of state and local financing proposed for the FY 2002-03 interested applicants.
- Funding for this program is contained in the state six-year planning estimates, but at lower levels than requested. In 2000, the Governor recommended \$3 million for CAP with on-going planning estimates of \$3 million. The 2000 legislature funded the program at \$2.2 million.
- Upfront MRF projects will likely result in a decrease of toxic air emissions (mercury, lead and cadmium) from waste-to-energy combustion facilities and will reduce the probability that these facilities will fail to meet clean air standards.
- The facilities will be owned and operated by local governments so the state will not realize operating savings or efficiencies.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$3 million for this project, subject to the funding limitations and matching requirements stipulated in statute. Also included are budget planning estimates of \$3 million in 2004 and \$3 million in 2006.

In order to speed project funds into the economy, the Governor recommends that OEA choose the most urgent request(s) currently on-hand and allocate recommended funding immediately, rather than re-advertising for new proposals.

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	54
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	429

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Title	2002 Agency Priority Ranking	Agency Project Requests for State Funds (\$ by Session)				Statewide Strategic Score	Governor's Recommendations 2002	Governor's Planning Estimate	
		2002	2004	2006	Total			2004	2006
Closed Landfill Bonding	1	\$10,795	\$25,260	\$0	\$36,055	410	\$10,000	\$26,055	\$0
Brownfield to Green Space Grant Program	2	5,000	0	5,000	10,000	245	0	0	0
Total Project Requests		\$15,795	\$25,260	\$5,000	\$46,055		\$10,000	\$26,055	\$0

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AGENCY MISSION STATEMENT:

The mission of the Pollution Control Agency (PCA) is to help Minnesotans protect the environment. The vision for the PCA is based on its enabling legislation that established the agency. The vision for Minnesota's environment is comprised of four parts:

- fishable and swimmable lakes and rivers,
- clean and clear air,
- uncontaminated ground water and land, and
- healthy ecosystems.

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

In 1994, the legislature passed the Landfill Cleanup Act which authorized the PCA to initiate cleanups, complete closures, and take over the long-term operation and maintenance in perpetuity at up to 106 closed, state-permitted, municipal solid waste landfills in Minnesota. In 1999, the eligibility was expanded to an estimated seven additional facilities. As one of the three funding sources, the legislature appropriated \$90 million in general-obligation bond funds to be used for design and construction work over a ten-year period at closed landfills that are publicly owned.

In 2000, the legislature passed a law requiring the Commissioner of Finance in odd years to report to the legislature and to cancel certain unspent or otherwise unobligated bond proceeds (M.S. 16A.642). Consequently, this statute resulted in the cancellation of about \$56 million of unused bonds that were earmarked for construction at about 30 landfills over the next three years, despite the fact that the legislature indicated in a 1994 law that bonds needed to raise some of the money could not be issued until later years.

The 2001 legislature appropriated \$20.5 million to meet the PCA's construction needs for FY 2002. However, funding for FY 2003 and 2004 has yet to be appropriated to the PCA. This funding will be used to protect public health, public safety, and the environment at about 15 sites.

The Brownfield to Green Space Grant Program is designed to address a gap in existing brownfield cleanup funding programs. By statute, the existing programs prioritize awards based on the tax-base increase that is generated by property cleanup and redevelopment. Using this criterion, the existing programs have been highly successful in stimulating brownfield redevelopment for commercial and industrial purposes. However, redevelopment proposals for non- or low tax-generating uses such as green space are necessarily ranked last. For this reason,

very few grants have been awarded for green space proposals. Given that both the Department of Trade and Economic Development (DTED) and Metropolitan Council (Met Council) brownfield grant programs have consistently received requests that exceed available funds, the likelihood that the existing programs will be able to fund green space proposals in the future is extremely low. As a result, many green space and other community defined projects that could add significant secondary economic and social benefit to their communities cannot be undertaken because of the added cost of removing pollution.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS IN RELATION TO CAPITAL REQUESTS:

The PCA's strategic directions for the next five years are described in its Five Year Strategic Plan found on the PCA web site at:

<http://www.pca.state.mn.us/publications/5yearplan.html>

PCA's four key goals:

Goal 1: Recognize and address threats to Minnesota's environment. This strategy was reaffirmed in stakeholder meetings as the need to provide leadership on statewide issues.

Goal 2: Prevent, limit, and clean up pollution. Stakeholders asked PCA to focus on improving core regulatory programs.

Goal 3: Improve government collaboration. Stakeholders reaffirmed that this strategy is necessary between PCA and sister agencies, and between PCA and local units of government.

Goal 4: Provide responsive services to citizens and stakeholders. Stakeholders asked the PCA to enhance communication efforts.

The Closed Landfill Cleanup Program supports the goal to prevent, limit and cleanup pollution. The PCA is authorized under the Landfill Cleanup Act to initiate cleanups, complete closures, and take over the long-term operation and maintenance in perpetuity at up to 111 closed landfills in Minnesota currently qualified for the closed landfill program. This bonding authority was intended to be one of the three major funding sources for this program.

The Brownfield to Green Space Grant Program supports the prevent, limit and clean up pollution goal and the goal to improve government collaboration. At this time a multi-stakeholder work group has identified over 30 potential projects throughout the state that illustrate the need and opportunity for this program. The long-term, sustained need for grant funds is not known. Future bonding requests for the grant

funds will be based on the response to grant funds made available through this request and an evaluation of the documented environmental and social benefit of this program.

The redevelopment of contaminated, previously developed property is critical to maintaining healthy, vital communities as outlined in the Administration's Big Plan. The Brownfield to Green Space grant program will be much more than a clean-up program, because it provides a critical resource that will enable communities to fulfill community needs for open space and recreation, while removing contamination and stimulating property values in surrounding areas. This request was inspired by a coalition of partners including state and local government agencies, non-profit organizations, and private companies that seek to expand on the success of the PCA, DTED, Met Council and other partners in stimulating brownfield redevelopment.

Many links between the PCA's mission, Strategic Plan, the Governor's Big Plan and Smart Growth are contained in this request, including stimulating reinvestment in our communities and neighborhoods, and sustaining existing development.

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

The PCA notified the Department of Finance of future state obligations relating to eligible closed landfills of \$351 million in 1999 dollars. These financial obligations are based on reimbursement agreements to responsible parties, needed remedial construction, and operation and maintenance of these systems and obligation to correct catastrophic failure such as landfill covers failure, fires or explosions. About 15 publicly owned landfills in the Closed Landfill Program are in need of remedial construction activities in FY 2003 and 2004. Construction activities at each of these sites may include: 1) the installation or augmentation of landfill covers to mitigate the generation of contaminated leachate; 2) the installation of ground water treatment systems to clean up contaminated ground water that threatens public drinking water sources; and 3) the installation of landfill gas control systems to prevent off-site threats of explosion to buildings and damage to crops. This construction represents about \$36.1 million.

If this request for general obligation bonds is not authorized, then funding for these activities will likely come from the Solid Waste Fund which funds similar construction activities at non-publicly owned, closed landfills in the program. As a result, construction activities at these sites will be delayed into future years and will come at a greater cost to the public.

The Brownfield to Green Space Grant Program request fills a gap in existing brownfield contamination cleanup grant funding that has prevented the reuse of contaminated, underutilized properties that are desirable for community amenities as parks, open space, and natural areas. With complimentary assistance from existing

Department of Natural Resource (DNR) grant funds for park development, redevelopment, and habitat restoration, this request will provide communities with financial assistance to address contamination and return brownfield properties to beneficial use and enhance the attractiveness and desirability of their communities.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

Expenditures for the Closed Landfill Program from the original \$90 million authorized in 1994 have been ongoing since 1996 until February 2001 when spending of the unobligated amount was frozen. This unobligated amount of \$56.6 million was canceled on 7-1-2001. The legislature appropriated \$20.5 million to meet the PCA's construction needs for FY 2002. Therefore, the PCA is requesting bond authority for \$10.795 million of outstanding need in the current capital budget cycle. The remainder will be requested in the next capital budget cycle.

The Brownfield to Green Space Grant Program request was inspired by a coalition of partners including state and local government agencies, non-profit organizations, and private companies that seek to continue the success of the PCA, DTED, Met Council and other partners in stimulating brownfield redevelopment. The PCA in consultation with DTED, Met Council and DNR prepared this request.

The capital request items were presented to the PCA's Commissioner and Strategic Directions Team on 6-4-2001, and received approval to proceed. Representatives of state environmental agencies met on 6-7-2001, to discuss the capital budget initiatives that were under consideration. The PCA was determined to be the logical agency to submit the Brownfield To Green Space Grant Program proposal and the cooperation from Met Council, DTED and DNR will be a strong component of the new funding program.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1996-2001):

In 1994, the PCA received \$90 million in state general obligation bonds to be used for design and construction work at publicly owned landfills over a 10-year period. Expenditures from the original \$90 million authorized in 1994 have been ongoing since 1996 until February 2001 when spending of the unobligated amount was frozen. This unobligated balance of \$56.6 million was canceled on 7-1-2001. The freeze in spending was due to the law legislature passed in 2000 requiring the Commissioner of Finance in odd years to report to the legislature and to cancel certain unspent or otherwise unobligated bond proceeds (M.S. 16A.642).

2002 STATE APPROPRIATION REQUEST: \$10,795,000

AGENCY PROJECT PRIORITY: 1 of 2

PROJECT LOCATION: Fifteen closed, mixed municipal solid waste, landfills throughout Minnesota

PROJECT DESCRIPTION AND RATIONALE:

This request for \$10.795 million in state funds is to design and construct remedial systems (cover, landfill gas mitigation, and ground water treatment systems) and acquire land at publicly owned, closed, mixed municipal solid waste landfills throughout Minnesota in FY 2003. The Minnesota Pollution Control Agency (PCA) is authorized under the Landfill Cleanup Act (M.S. 115B.39) to initiate cleanups, complete closures, and take over the long-term operation and maintenance in perpetuity at up to 111 landfills currently qualified for the Closed Landfill Program (CLP). One of the funding sources for the CLP has been the selling of state general obligation bonds, which were appropriated by the legislature in 1994 (1994 Minn. Session Laws, Ch. 639, Article 3, Sec. 5).

This bonding authority was intended to be one of the three major funding sources for the closed landfill cleanup program. The other two are the solid waste tax and insurance recovery. The legislature authorized up to \$90 million in general-obligation bond funds to be used for design and construction work at publicly owned landfills over a ten-year period. Rather than issuing all \$90 million at one time, the legislature intentionally restricted the selling and issuance of bonds so that the total amount issued could not exceed: 1) \$10 million by 6-30-1996; 2) \$35 million by 6-30-1998; 3) \$55 million by 6-30-2000; and 4) \$75 million by 6-30-2002.

To date, \$37.5 million of bonds have been sold. The PCA has spent and encumbered \$33.4 million of bond dollars at closed landfills to construct covers and related remedial systems.

In 2000, the legislature passed a law requiring the Commissioner of Finance in odd years to report to the legislature and to cancel unspent or otherwise unobligated bond proceeds (M.S. 16A.642). Consequently, this statute results in the cancellation of the unused bonds that were earmarked for construction at about 30 landfills, despite the fact that the legislature indicated in the 1994 law that bonds needed to raise some of the money could not be issued until later years.

The 1994 law is unique, not only because the legislature intended for bonds to be sold incrementally over 10 years, but also because the selling of these bonds was intended to provide a long-term funding source that enabled the PCA to address the state's perpetual obligation to protect public health, public safety, and the environment at nearly half of the sites in the CLP. Now, these unused bonds - bonds

the PCA anticipated spending on construction at closed landfills in future years to meet its obligations - were canceled on 7-1-2001.

The PCA anticipates spending \$56.6 million to construct covers and remedial systems at about 30 bond-eligible sites in FY 2002 - 2004. The legislature appropriated \$20.5 million to meet the PCA's construction needs for FY 2002. This, however, results in an outstanding need of \$36.1 million for actions at 15 sites. The authorization of bonds will allow the PCA to carry out the original intention of the 1994 Act and to use the bond proceeds to pay for planned remedial construction at publicly owned landfills. The PCA is requesting bond authority for the \$10.795 million in outstanding needs in the current capital budget cycle and the remaining \$25.26 million will be requested in the next capital budget cycle.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

State appropriation from the Solid Waste Fund is used to operate the program. Therefore, there is no impact on operating budgets to fund this initiative.

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

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Supervisor, Closed Landfill Unit		Project Leader
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Metro District		Metro District
Minnesota Pollution Control Agency		Minnesota Pollution Control Agency
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AGENCY CAPITAL BUDGET REQUEST

Fiscal Years 2002-2007

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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	5,337	1,080	2,526	0	8,943	07/2002	06/2004
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	48,532	9,715	22,734	0	80,981		
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	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	53,869	10,795	25,260	0	89,924		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$53,869	\$10,795	\$25,260	\$0	\$89,924		

Pollution Control Agency
Closed Landfill Bonding

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	53,869	10,795	25,260	0	89,924
State Funds Subtotal	53,869	10,795	25,260	0	89,924
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	53,869	10,795	25,260	0	89,924

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of 94, Chapter 639, Section 4	53,869
TOTAL	53,869

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	10,795	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

The PCA is requesting \$10.795 million in state GO bonds for the Closed Landfill Program (CLP). PCA plans to request another \$25.26 million during the 2004 legislative session to complete the portion of the program funded with GO bonds, bringing the program total to \$90 million. Bonding proceeds will be used to design and construct remedial systems and acquire land at publicly-owned closed landfills, in accordance with MS 115B.39.

As noted in the narrative, the legislature originally authorized \$90 million in GO bonds for the CLP in 1994; the bonds were to be issued and spent over a 10-year period. Subsequent to this appropriation, the legislature passed a law that resulted in the cancellation of unobligated bond proceeds, including \$56 million of unused CLP bonds. In the 2001 session, the Governor recommended reauthorizing the entire \$56 million for the CLP; the legislature appropriated \$20.5 million—the amount expected to be spent by 6-30-2002.

The statewide strategic score was based on the following conclusions and assumptions:

- The CLP is consistent with agency's mission and strategic plan, as noted in the narrative and strategic planning summary.
- The request is the first priority of the agency's two capital requests.
- The funds will be used to address public health and safety concerns at publicly-owned closed landfills.
- No matching funds will be provided. However, solid waste tax proceeds and insurance recovery also fund the CLP, including remediation work at privately owned closed landfills and on-going operations and maintenance costs at closed landfills.
- The program costs are included in the state's six-year planning estimates, given the actions of the 2001 legislature and the Governor's recommendation.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$10 million for the closed landfill program. Also included are budget planning estimates of \$26.055 million in 2004, bringing the total general obligation bond funding for the closed landfill program to \$89.9 million.

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	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	410

2002 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 2 of 2

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

The Minnesota Pollution Control Agency (PCA) in consultation with the Department of Trade and Economic Development (DTED), Metropolitan Council (Met Council), and the Minnesota Department of Natural Resources (DNR) is seeking \$5 million for grants to clean up contaminated property that will be preserved as public open space, parks, natural areas, and other similar community amenities. The grant program is designed to compliment the DTED and Met Council brownfield redevelopment grant programs and will also provide enhanced opportunities for existing greenway and park development programs.

The grant funds will be awarded on a competitive basis on an annual or semi-annual cycle. Ranking criteria will include opportunity considerations as well as financial need. Opportunity considerations include the following: open space contribution to green corridors and/or connectivity to existing green space; ecological contribution via preservation, restoration or enhancement of habitat; and community livability, recreation, and/or infrastructure contribution consistent with an overall development plan. Financial need considerations include the presence of willing partners, a lack of alternative means to clean up the property, and the affordability of the clean-up plan.

The PCA is seeking \$5 million in bonds and 1.0 FTE in an administrative staff position from the General Fund to operate this program. Properties must be in public ownership to be eligible for this program. Eligible costs include predesign assessment, clean-up plan design, and clean-up activities. Grants cannot be used for property acquisition or site development that is unrelated to site cleanup. In addition, the governmental authority receiving the grant must provide a 25% match. The 25% match can include costs for Phase 1 environmental site assessments, site investigation, and demolition costs necessary to implement the clean-up plan.

This request is designed to address a gap in existing brownfield cleanup funding programs. By statute, the existing programs prioritize awards based on the tax-base increase that is generated by property cleanup and redevelopment. Using this criterion, the existing programs have been highly successful in stimulating brownfield redevelopment for commercial and industrial purposes. However, redevelopment proposals for non- or low tax-generating uses such as green space are necessarily ranked last. For this reason, very few grants have been awarded for green space proposals, and only when the mix of applications in a specific grant cycle combined with statutory requirements made it possible. Given that both the DTED and Met Council brownfield grant programs have consistently received requests that exceed

available funds, the likelihood that the existing programs will be able to fund green space proposals in the future is extremely low. As a result, many green space, or other community defined projects that could add significant secondary economic and social benefit to their communities cannot be undertaken because of the added cost of removing pollution.

This request will also make it possible for brownfields that have potential regional and statewide significance as green space to compete for grants available to mitigate the cost of green way and park development. Although the DNR and Met Council greenway and park development grant programs are not prohibited from awarding grants to contaminated properties, for practical reasons these grants are targeted to projects unencumbered by the additional logistical and financial hurdles associated with redevelopment of contaminated property. Consequently, requests for properties that have contamination issues tend to fall out of competition.

At this time a multi-stakeholder work group has identified over 30 potential projects throughout the state that illustrate the need and opportunity for a Brownfield to Green Space grant program. The long-term, sustained need for grant funds is not known. Future bonding requests for Brownfield to Green Space grant funds will be based on the response to grant funds made available through this request and the documented environmental and social benefit of this program.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The PCA is requesting a General Fund appropriation of \$150,000 per biennium for the cost of the PCA's administration of the Brownfield to Green Space Grant Program. The amount requested is 1.0 FTE in an administrative position.

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

Cathy Moeger	OR	Bill Dunn
Fiscal Services Division		Policy and Planning Division
Minnesota Pollution Control Agency		Minnesota Pollution Control Agency
520 Lafayette Road		520 Lafayette Road
St. Paul, MN 55155		St. Paul, MN 55155
Phone: (651) 296-7369		Phone: (651) 282-2663
Fax: (651) 297-1456		Fax: (651) 297-8701
Email: cathy.moeger@pca.state.mn.us		Email: bill.dunn@pca.state.mn.us

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	1,250	0	1,250	2,500	07/2002	06/2007
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		
4. Project Management						07/2002	06/2007
State Staff Project Management	0	0	0	0	0		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2007
Site & Building Preparation	0	5,000	0	5,000	10,000		
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	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	6,250	0	6,250	12,500		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$0	\$6,250	\$0	\$6,250	\$12,500		

Pollution Control Agency
Brownfield to Green Space Grant Program

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	5,000	0	5,000	10,000
General Fund Projects	0	0	0	0	0
State Funds Subtotal	0	5,000	0	5,000	10,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	1,250	0	1,250	2,500
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	6,250	0	6,250	12,500

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	150	150	150	150
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	150	150	150	150
Revenue Offsets	0	0	0	0
TOTAL CHANGES	150	150	150	150
Change in F.T.E. Personnel	1.0	1.0	1.0	1.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
Yes	MS 16A.695: Use Agreement Required (as per Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

This request is for \$5 million in Government Obligation (GO) bonds and \$150,000 in General Fund operating dollars to create a new statewide competitive grant program to clean-up contaminated property to be used for open space, parks and other similar purposes. The funding is anticipated to be on-going. However, no GO bonding dollars are requested for FY 2004. PCA is requesting the second \$5 million GO bonding appropriation in FY 2006. Operating costs of \$150,000 are requested every two years.

The strategic score reflects the following assumptions and conclusions:

- The new program would be consistent with PCA's mission and strategic plan and is the second priority of the agency's two capital requests.
- Grantees would match 25% of their grant award, providing a minimum of 20% of the total project cost.
- The program will result in the clean up of contaminated sites that might not otherwise be addressed.
- It is assumed that the program would primarily benefit local communities.
- This is a new program and is not included in the state's six-year planning estimates.
- The program would not result in state operating savings; rather, General Fund dollars are requested to administer the program.

Governor's Recommendation:

The Governor does not recommend capital funding for this request.

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	35
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	20
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	245

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Title	2002 Agency Priority Ranking	Agency Project Requests for State Funds (\$ by Session)				Statewide Strategic Score	Governor's Recommendations 2002	Governor's Planning Estimate	
		2002	2004	2006	Total			2004	2006
Reinvest In Minnesota	1	\$21,634	\$21,634	\$21,634	\$64,902	340	\$7,000	\$7,000	\$7,000
Local Government Road Wetland Replacement	2	6,100	5,400	5,400	16,900	275	0	0	0
Streambank, Lakeshore and Roadside Erosion Control	3	5,000	5,000	5,000	15,000	215	0	0	0
Total Project Requests		\$32,734	\$32,034	\$32,034	\$96,802		\$7,000	\$7,000	\$7,000

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AGENCY MISSION STATEMENT:

The Board of Water and Soil Resources (BWSR) provides leadership to assist local governments with the management and conservation of water and soil resources, which in turn helps all citizens of the state be stewards of our irreplaceable natural resources.

To accomplish its mission, BWSR:

- acquires or supports the acquisition of easements to restore and 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 government 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 BWSR:

- **Non-point source strategy moves to implementation phase.** The strategy for non-point source pollution has moved to the implementation phase, which puts practices on the land. BWSR's local government network provides the critical means of disseminating conservation and water quality financial and technical aid to local government throughout the state. BWSR has the structure and relationships needed, through its local water planning, to identify, assess, prioritize, and implement programs and practices to address non-point concerns at the local level.
- **Federal action increases pressure.** Federal action over the past several years has increased pressure on BWSR and local government to increase their efforts in land and water conservation. The federal government, through the Conservation Reserve Enhancement Program (CREP), has made \$163 million money available and requires a state match to acquire 100,000 acres of conservation easements. On the other hand, decreased U.S. Department of Agriculture (USDA) staffing for the Natural Resource Conservation Service (NRCS) has elevated pressure on local and state governments to provide the technical assistance necessary to design and install conservation practices. Increased emphasis on total maximum daily loads (TMDL) establishment, on

hypoxia in the Gulf of Mexico, and the push for greater accountability by the state also affects service demands.

- **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 natural 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 an effective way to maintain or increase resources without increasing funding. State agencies acknowledge that local government officials and staff have advantages that the state does not: local governments have knowledge of local resources and attitudes, personal friendships, an awareness of local needs and priorities, and, probably the most important factor, the land use authority. With these increased expectations and BWSR assistance, local government capabilities in resource management have grown significantly. Local governments are now at a point, however, where they 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 and willingness to take action among the general public, including landowners, to ensure a future with high quality natural resources.** Minnesotans are aware of environmental concerns, particularly water quality. With approximately one-third of Minnesota adults either owning a cabin or having a family cabin, the state's citizens are more willing to make reasonable sacrifices to protect and improve water quality. Going to "the cabin" is part of the tradition for many families. It follows then that more people will notice if poor water conditions affect their favorite lake or fishing stream. In addition, residents 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 efficiency.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS IN RELATION TO CAPITAL REQUESTS:

BWSR's Strategic Plan identifies voluntary resource management strategies and related goals. The resource management strategies specified are education, incentives, and regulation. The plan also identifies goals that focus on assisting local governments and landowners in preventing natural resource problems and mitigating existing 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 toward a net gain of wetland resources.
- Installing best management practices on Minnesota lands.

BWSR programs outlined in the capital budget request use incentives as tools local governments can use to enhance local conservation 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 effort to protect marginal land and improve water quality, BWSR administers various conservation easement programs. These programs acquire or support the acquisition of easements to restore or protect critical lands.

The state established the Reinvest in Minnesota (RIM) Reserve Program in 1986. Since 1986, the state funded easement programs have secured more than 121,000 environmentally sensitive acres throughout the state.

The previous three years' focus for acquiring easements has gone to the Minnesota River CREP to realize the 100,000-acre goal and related water quality and habitat benefits. While not ignoring the Minnesota River's on-going resource needs, RIM Reserve's priority for the will resume a statewide focus.

The conservation easement programs include:

RIM Reserve Match to the Minnesota River Basin Project under the 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.

RIM Reserve: Leverage Funding for Wetland Reserve Partnership (WRP)

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 and Permanent Wetland Preserves (PWP)

RIM Reserve takes marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat. PWP protects existing, at-risk urban and rural wetlands from conversion to other uses by offering financial compensation to landowners in return for a perpetual easement. The geographic focus is statewide and the benefits are protection at a lower cost as compared to restoring drained or filled wetlands after the fact.

BWSR will continue to leverage federal funding through CRP, WRP, CREP, NAWCA and other private conservation organizations to the maximum degree practical to realize program outcomes.

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 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 or two times the tolerable rate of soil loss.
- Technical assistance to landowners to implement sustainable 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 conservation practices is critical and technical assistance to landowners to implement.

2.5 Million Acres*:

- Marginal cropland.
- Highly erodible and floodplains.
- Should not be farmed.
- Target with land retirement programs.
- Drained wetlands.

*Funding for BWSR conservation easement programs will be used on portions of these lands.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

In determining the amount of this request, acreage and application estimates were compiled based on historical program demands. All estimates considered the amount of eligible land for the program and estimated landowner interested based on past history.

Internal agency estimates were used to arrive at the amount requested for PWP program. All requests are reflection of demands for service or assistance of local government and citizens.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1996-2001):

Conservation Easement Program Appropriations

1996	\$11.5 million
1998	\$15 million
2000	\$21 million
2001	\$51.4 million

Local Government Roads Wetland Banking Appropriations

1996	\$3 million
1998	\$2.75 million
2000	\$2.75 million
2001	\$2.0 million

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2002 STATE APPROPRIATION REQUEST: \$21,634,000

AGENCY PROJECT PRIORITY: 1 of 3

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

Degrading water quality and diminished habitats can be found throughout Minnesota. Approximately 2.5 million of the state's 23 million acres of cropland have been targeted as having more benefit to the state as retired cropland. The Reinvest in Minnesota (RIM) Reserve and the Permanent Wetlands Preserve (PWP) programs compensate landowners for granting conservation easements and establishing native vegetation habitat on these economically marginal, flood-prone, or highly erodible lands.

The Board of Water and Soil Resources (BWSR) is requesting \$23.2 million to purchase conservation easements on private land. Of the total amount, \$20.0 million for easements and \$3.2 million is for implementation. BWSR's RIM Reserve program is an important component of the state's efforts to improve water quality by reducing soil erosion and improving wildlife habitat on private lands. RIM Reserve is implemented in cooperation with local Soil and Water Conservation Districts (SWCDs).

Damage to Minnesota resources occurs in the form of soil erosion, sedimentation of eroded soil, and phosphorus. Soil erosion reduces farm productivity, increases the costs of farming, and creates sediment for downstream communities to address. Sedimentation fills rivers and lakes, destroys habitat, carries pollutants, increases flood severities, and reduces recreational values. Phosphorus makes water unsuitable for fish or human activities, promotes excess aquatic plant growth, and promotes eutrophication of water resources.

Both the RIM Reserve and PWP programs meet the goals and objectives of BWSR's strategic plan. They protect the state's water and soil resources by retiring existing marginal agricultural lands, by restoring drained wetlands, and by protecting existing wetlands that are highly susceptible to alteration. Agency goals that are achieved through capital projects include:

- Protecting or retiring marginal and highly sensitive agricultural lands
- Targeting limited fiscal resources to highest priority natural resources
- Allowing land managers to focus stewardship efforts on more productive and profitable lands
- Creating natural retention systems to improve surface water quality and enhance groundwater recharge
- Working toward a net gain of wetland resources

- Installing best management practices on Minnesota lands

Data from the 991 easements obtained in the 1998-99 biennium indicate that 395 tons/year/easement of soil did not erode due to the presence of these easements. Approximately 137 tons/year/easement of sediment was kept out of our waterways. Total phosphorous reductions of 173 lbs./year/easement were realized.

Conservation Easement Partnerships/Funding Initiatives

BWSR is completing two agreements that have been secured with the United States Department of Agriculture (USDA) that effectively partners the RIM Reserve program with two popular federal land retirement programs. These partnerships enable BWSR to leverage significant federal funds towards the goal of protecting our vital natural resources. The two partnerships are outlined below:

Conservation Reserve Enhancement Program (CREP)

BWSR entered into an agreement with the USDA Farm Services Agency (FSA) to do a CREP in the Minnesota River watershed. This state/federal partnership combines the existing USDA Conservation Reserve Program (CRP) with the RIM Reserve program to retire up to 100,000 acres of environmentally sensitive land in the Minnesota River watershed by 9-30-2002. To date, BWSR has approximately 50,000 acres enrolled in CREP. Under CREP, landowners voluntarily enroll eligible land in a 15-year CRP contract followed by a RIM Reserve easement.

RIM Reserve / USDA Wetland Reserve Program Partnership

BWSR signed an agreement with the USDA Natural Resources Conservation Service (NRCS) to jointly fund wetland restoration easements statewide via the RIM Reserve and NRCS Wetland Reserve Program (WRP). This agreement expires on 12-31-2003. Landowners who apply and are accepted enter into a 30-year WRP easement and a perpetual RIM Reserve easement on the same parcel of land. To date, BWSR has approximately 8,500 acres enrolled under this program. This partnership also reduces the state's easement payments to landowners by 50%, and effectively leverages two federal dollars for each state dollar. Funding for this program is dependent on federal appropriations. State funds will come from those appropriated for RIM/PWP.

Other Conservation Initiatives

BWSR has solicited and received matching funds from the federal North American Wetland Conservation Council (NAWCC) for RIM wetland restoration easements. To date, BWSR has received a total of approximately \$2.6 million for projects throughout the state. These habitat restoration projects include the Minnesota River watershed, the Heron Lake restoration (in Jackson, Nobles, Cottonwood, and Murray counties), Grass Lake restoration (in Kandiyohi County, near Willmar), Northern Tallgrass Prairie restoration project (covering 18 counties in Northwestern Minnesota), and the Prairie Heritage restoration project (covering 38 counties in Southern Minnesota). These projects include numerous partners and have been

initiated at the local level. BWSR continues to seek grants from NAWCC to fund conservation easements associated with special projects like those listed above or within priority watersheds. This matching program requires a 1.5:1 match to be competitive nationally.

It is anticipated that conservation groups, such as Pheasants Forever, Ducks Unlimited, Isaac Walton League, Minnesota Waterfowl Association, The Nature Conservancy, Trout Unlimited, and the U.S. Fish and Wildlife Service will continue to leverage dollars towards the establishment of conservation practices on RIM Reserve easements. From 1992 to present, these organizations directly contributed approximately \$800,000 to the program, with additional donations in the form of grass seed and in-kind services.

Anticipated Outcomes

Target enrollment for the RIM Reserve and PWP programs is approximately 16,666 acres for the 2002-03 biennium. Acreage enrollment goals and funds required are shown below:

Year to Date	Acreage Enrollment Goals		
	<u>RIM/CREP</u>	<u>RIM/PWP</u>	<u>Total</u>
	50,000	70,575	120,575
02-03	50,000	16,666	16,666
04-05	0	16,666	16,666
06-07	0	16,666	16,666
	100,000	49,998	170,573

To Date	State Funds Required to Enroll Goal Acreage		
	<u>RIM/PWP Easement</u>	<u>Implementation</u>	<u>Total</u>
	97.063 M		97.063 M
02-03	20.0 M	3.2 M	23.2
04-05	20.0 M	3.2 M	23.2
06-07	20.0 M	3.2 M	23.2
	\$157.063 M	9.6 M	\$166.663 M

Funding levels requested in this budget proposal reflect additional demand that we anticipate being placed on our conservation easement programs as a result of BWSRs highly successful CREP initiative in the Minnesota River watershed. The success of this initiative has put the spotlight on the numerous benefits to the state, landowners, and the public of conservation easements obtained through BWSRs RIM Reserve program.

Since funding for RIM Reserve outside the Minnesota River watershed has been limited in recent years, BWSR anticipates high demand for easements outside of this project area, particularly in the northwestern and southeastern regions of Minnesota. Conservation easements promote community sustainability by providing landowners with an alternative to try to earn a profit on flood-prone and marginal croplands. Greenways established by those easements will connect rural areas across the Minnesota landscape. The state achieves quantifiable water quality benefits by removing these marginal croplands from production. Through this agency's Local Government Annual Reporting System (LARS), with data reported by SWCDs, BWSR has calculated the benefits of 9.6 tons/acre/year soil loss reduction, 4.7 tons/acre/year sediment reduction, and 5.8 lbs/acre/year reduction of phosphorus from each acre enrolled in a conservation easement per year.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

A direct operating budget appropriation of \$3.2 million is required to implement this program. This amount is required to support the necessary, realty, engineering, and administrative functions associated with 425 easement acquisition and establishment of conservation practices on those easement lands. SWCDs will receive approximately 50% of this total as a RIM Services Grant to offset their cost to secure easement, develop conservation plans, and monitor easement compliance.

OTHER CONSIDERATIONS:

In April of 1998, a citizen's advisory committee issued a report "The Continuing Journey to Preserve Minnesota's Outdoor Heritage." This report sums up the state of wildlife-based recreation in Minnesota. This committee was established by the 1997 legislature to review the original RIM program to see if it had succeeded as it was established in 1986. This report found that RIM has been successful, but it has been under funded. As a result, Minnesota's fish, wildlife, and native habitats continue to lose ground due to urban sprawl, agricultural practices, and other development. The report concluded that Minnesota must increase investment into programs that protect and restore fish, wildlife, and native plant habitats. The report called for expansion of the RIM Reserve, PWP, and CREP easement programs so that the state can protect more habitat, and recommends a funding level of \$20.0 million a year to accomplish it.

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Water & Soil Resources Board
Reinvest In Minnesota

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						05/2002	05/2006
Land, Land Easements, Options	\$27,500	\$20,000	\$20,000	\$20,000	\$87,500		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						05/2002	05/2006
State Staff Project Management	1,402	1,634	1,634	1,634	6,304		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	28,902	21,634	21,634	21,634	93,804		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$28,902	\$21,634	\$21,634	\$21,634	\$93,804		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	12,752	20,000	20,000	20,000	72,752
General Fund Projects	16,150	1,634	1,634	1,634	21,052
State Funds Subtotal	28,902	21,634	21,634	21,634	93,804
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	28,902	21,634	21,634	21,634	93,804

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	866	866	866	866
Other Program Related Expenses	768	768	768	768
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	1,634	1,634	1,634	1,634
Revenue Offsets	0	0	0	0
TOTAL CHANGES	1,634	1,634	1,634	1,634
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of 98, Chapter 404, Section 010, Subd. 002	15,982
Laws of 96, Chapter 463, Section 11, Subd. 003	11,752
Laws of 00, Chapter 492, Section 09, Subd. 002	1,168
TOTAL	28,902

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	20,000	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

In the 2000 and 2001 legislative sessions the Governor and Legislature put significant resources into the Conservation Reserve Enhancement Program (CREP). The BWSR has expanded it's ability to process easements to accommodate the increased funding level, and is now at maximum capacity. Providing funding at the requested level would exceed that capacity and tie up funds that could be used for more immediate needs.

Governor's Recommendation:

The Governor recommends a partial appropriation of \$7 million for RIM easements. This appropriation is from general obligation bond proceeds. Of this amount, \$640,000 may be used to administer the program.

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	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	340

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2002 STATE APPROPRIATION REQUEST: \$6,100,000

AGENCY PROJECT PRIORITY: 2 of 3

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

The Minnesota Local Government Roads Wetland Replacement program is a **statutory obligation** the state has to replace wetlands lost to public transportation projects as required under M.S. 103G.222, Subd.1(1). This program supports the "no-net-loss" requirements of both state and federal regulations. It benefits a variety of constituent groups: local road authorities by assigning responsibility for replacing lost wetlands to the state; environmental interests by establishing higher quality wetland replacement sites; state taxpayers by reducing the costs of wetland replacement through economies of scale; and citizens by avoiding delays in safety enhancements to existing roads.

The 1996 and 2000 legislatures amended the Wetland Conservation Act (WCA) after several years of controversy and regulatory inconsistency. The local government roads wetland replacement program was a key outcome of these amendments. It transferred responsibility for replacing wetlands lost to local road construction to the Board of Water and Soil Resources (BWSR). This eliminates the need for local government transportation officials to undertake and finance environmental reclamation projects, and consolidates the necessary technical, financial, and other implementation work. That results in higher quality, more cost-effective wetland replacement.

The Local Government Roads Wetland Replacement program provides the following benefits:

- Regulatory simplification and more efficient wetland mitigation are achieved by eliminating the need for local road authorities to maintain staff and budget to mitigate wetland impacts.
- Fragmented impacts from road projects are consolidated in targeted areas to provide habitat, water quality, and other wetland functions away from traffic and highway runoff areas at a lower public cost.
- Water management goals like improving water quality, flood control, greenway preservation and enhancement can be better addressed collectively.
- Site selection, ranking of project proposals, and setting program strategies consistent with overall state and federal wetland goals are achieved through an interagency process.

Local governments (counties, cities, and townships) believe this state mandate should be a base element in BWSR's budget. The legislature recognized this state

obligation and required an assessment and recommendation for the 2001 session. Without state funding, local governments must pay for this work. That would result in the following negative consequences:

- Reduce or delay completion of road projects;
- Require a reversal of recent statute changes and undo a fragile stakeholder consensus that resulted in recent wetland regulatory reforms (*ML 1996, Chap. 462 and ML 2000, Chap. 382*); and
- Negate an agreement with the U.S. Army Corps of Engineers (COE) that allows this program to meet federal regulatory requirements, which means local road authorities will again have to seek individual federal permits and be responsible for wetland replacement.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Prior experience shows that approximately 193 acres of wetlands need replacement each year, at an annual cost of \$2.7 million. The number of acres impacted depends most directly on the money available to local governments for road construction. The cost of establishing the wetlands varies widely, from a low of \$2,000 an acre in rural Minnesota, to more than \$20,000 an acre for some projects in the metro area. In order to comply with the regulatory requirement to conduct wetland replacement prior to or concurrent with the wetland losses, BWSR projects that it will need \$6.1 million to meet its statutory obligations for June 2001 through June 2004.

OTHER CONSIDERATIONS:

The state has not determined whether this program should be funded from transportation sources, environmental sources, or some combination of the two. To date, it has been funded from the capital budget. This program was funded for one year from the capital (bonding) budget by the 2000 legislature via a \$2.3 million capital appropriation with a \$400,000 supplement for annual implementation costs. This amount was similar to previous appropriations and adequate for one year of projects and covered state obligations through June 2000. In 2001, the legislature appropriated \$2.0 million for the program. Even with that amount, BWSR projects that the state is currently two years behind in terms of funding this program to fulfill the regulatory requirements.

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						05/2002	05/2006
Land, Land Easements, Options	\$7,652	\$5,200	\$4,600	\$4,600	\$22,052		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						05/2002	05/2006
State Staff Project Management	798	900	800	800	3,298		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	8,450	6,100	5,400	5,400	25,350		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$8,450	\$6,100	\$5,400	\$5,400	\$25,350		

Water & Soil Resources Board
Local Government Road Wetland Replacement

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	5,300	5,200	4,600	4,600	19,700
General Fund Projects	2,750	900	800	800	5,250
General	400	0	0	0	400
State Funds Subtotal	8,450	6,100	5,400	5,400	25,350
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	8,450	6,100	5,400	5,400	25,350

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	538	538	538	538
Other Program Related Expenses	362	262	262	262
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	900	800	800	800
Revenue Offsets	0	0	0	0
TOTAL CHANGES	900	800	800	800
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations)	Amount
Laws of Minnesota (year), Chapter, Section, Subdivision	
Laws of 96, Chapter 463, Section 011, Subd. 004	3,000
Laws of 98, Chapter 404, Section 010, Subd. 003	2,750
Laws of 00, Chapter 492, Section 009, Subd. 005	2,300
Laws of 00, Chapter 499, Section 003, Subd. 000	400
TOTAL	8,450

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	5,200	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

Funding for this statutorily required program has been controversial since the law was passed. The Department of Finance believes that the costs associated with replacing wetlands lost to local government road projects is a cost of building or modifying the existing roadway, and should therefore be funded with transportation funds, rather than bonding appropriations.

Governor's Recommendation:

The Governor does not recommend capital funding for this request.

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

2002 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 3 of 3

PROJECT LOCATION: Statewide

PROJECT DESCRIPTION AND RATIONALE:

This program will provide for the protection of water quality, fish and wildlife habitat, public infrastructures, and public safety through:

- Protection of environmentally sensitive lake and river shoreland areas through the purchase of conservation easements;
- Correction of severely eroded lake and river stream banks through the installation of erosion control practices; and
- Reduction of flood damages through the installation of road retention projects.

This program will be implemented in a partnership with the state's 91 soil and water conservation districts, 43 watershed districts, and 87 counties.

Conservation easements: Minnesota's lake and river shorelands are under greatly increasing development pressure as the population ages and internet access makes "cabin living" more attractive year-round. This puts urban-like pressures on those remaining undeveloped lake and river shoreland areas. Because the best shorelands have already been developed, what remains is often very steep or very wet. Along with being environmentally sensitive, these areas often include important fish and wildlife habitats such as fish spawning areas and loon nesting areas. A program designed after the Reinvest in Minnesota (RIM) Reserve program is needed in order to assist local governments to protect some of these sensitive shoreland areas in concert with their comprehensive local water management plans and land use plans.

As part of a recent Board of Water and Soil Resources (BWSR) shoreland protection pilot program, Cass County was able to use \$250,000 of state dollars to purchase development rights on land valued at over \$1 million. In doing so, they were able to protect 8,160 feet of shoreline and 219 acres of land. The state's investment will allow for the environmental goals of clean water, fish and wildlife habitat, and open space to be produced from this land in perpetuity.

Erosion control practices: The state's 91 soil and water conservation districts have identified more than 165 miles of severely eroded shoreline and 1,500 miles of eroded stream banks. Erosion of soil from these sites results in degraded water quality, destruction of near-shore fish and wildlife habitats, and impaired recreational use. Because the magnitude of the physical erosion is great, so will be the cost to control the problems.

For example: Although the North Shore of Lake Superior is known for its rocky shoreline, it also includes many bays and other reaches of shoreline that are composed of erodible red clay. Some of these shoreline areas have up to 70-foot-high clay banks. Wave action at the shoreline results in plumes of suspended red clay in the near-shore waters of Lake Superior. When wave action subsides, suspended clay settles to the bottom and blankets rock and sand substrate, which is critical for fish spawning and fish habitat. This area of fish habitat is critical in that it occurs only within the first few hundred yards from the shore. Surveys conducted by BWSR have identified approximately 35 miles of the North Shore's total length of 200 miles as high erosion areas.

Road retention projects: The severe flooding in 1993 and again in 1997 has continued to highlight the need to reduce flood damage to roads, bridges, public and private structures, farm field, river banks, and urban centers within many rural parts of Minnesota. An interagency hazard mitigation team led by the Federal Emergency Management Agency (FEMA) prepared a report that identified floodwater retention at roads as an appropriate measure to reduce future flood damages. As part of this capital request, BWSR proposes to cost-share with local governments the cost of road retention projects. These projects will result in reduced flood damages to roads, bridges, structures, and fields, as well as reduced downstream sedimentation. The sediment and associated nutrient trapping efficiency of these projects is 50 to 90%, providing significant water quality benefits.

BWSR's strategic plan identifies the role of the state acting through BWSR to solve water quality and soil erosion problems voluntarily and collaboratively with local governments. Additionally, the state's soil and water conservation policy (103A.206) states that it is the policy of the state to encourage land occupiers (including local governments) to conserve soil and water resources through the implementation of practices to prevent erosion, reduce sedimentation of surface waters, control floods, prevent impairment of dams and reservoirs, and protect public lands.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Project Costs 02-03

Property acquisition

Easements and engineering and construction of supporting practices
\$4.74 million

Project Management

State Staff and Project Administration \$260,000

OTHER CONSIDERATIONS:

The state of Minnesota has a reputation for its quality of life. In 2001, Morgan Quitno Press, which annually ranks cities and states, named Minnesota the nation's "most livable state" – for the fifth year in a row. Minnesota is also known for its lakes, rivers, and outdoor recreation opportunities, from which the state sees a significant economic impact. According to the Department of Trade and Economic Development, domestic and international travel to Minnesota brings \$9.1 billion into the state's economy annually, supporting 170,300 tourism jobs and generating \$1.1 billion in tax receipts. This program provides additional assurance that the environmental goals of clean water, fish and wildlife, and scenic open spaces that the citizens of Minnesota expect and that people come from around the world to enjoy are preserved and protected.

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Water & Soil Resources Board
Streambank, Lakeshore and Roadside Erosion
Control

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
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 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						05/2002	05/2006
Land, Land Easements, Options	\$0	\$4,740	\$4,740	\$4,740	\$14,220		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	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		
4. Project Management						05/2002	05/2006
State Staff Project Management	0	260	260	260	780		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	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		
Other Costs	0	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	5,000	5,000	5,000	15,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$0	\$5,000	\$5,000	\$5,000	\$15,000		

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	4,740	4,740	4,740	14,220
General Fund Projects	0	260	260	260	780
State Funds Subtotal	0	5,000	5,000	5,000	15,000
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	5,000	5,000	5,000	15,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	219	219	219	219
Other Program Related Expenses	41	41	41	41
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	260	260	260	260
Revenue Offsets	0	0	0	0
TOTAL CHANGES	260	260	260	260
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 only)	Amount	Percent of Total
General Fund	4,740	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

NA

Department of Finance Analysis:

The need identified by this new program could be better addressed by expanding the statutory definitions of the existing RIM Easement program to accommodate easements in lake and river shorelands. Some aspects can also be addressed by local governments through the land use planning process. The Department of Natural Resources now provides shoreland habitat restoration grants that may be duplicative if similar grants or cost-share were to be instituted under this proposal.

Governor's Recommendation:

The Governor does not recommend capital funding for this request.

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	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	215

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

Project Title	2002 Agency Priority Ranking	Agency Project Requests for State Funds (\$ by Session)				Statewide Strategic Score	Governor's Recommendations 2002	Governor's Planning Estimate	
		2002	2004	2006	Total			2004	2006
Zoo Master Plan Design/Construction	1	\$18,563	\$67,442	\$0	\$86,005	370	\$7,184	\$0	\$0
Asset Preservation	2	3,000	3,000	3,000	9,000	410	3,000	3,000	3,000
Total Project Requests		\$21,563	\$70,442	\$3,000	\$95,005		\$10,184	\$3,000	\$3,000

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AGENCY MISSION STATEMENT:

The Minnesota Zoological Board is the state agency established by M.S. 85A and charged with operating the Minnesota Zoological Garden (Zoo) as an education, conservation, and recreation organization for the collection, habitation, preservation, care, exhibition, and examination or study of wild and domestic animals.

The mission of the Zoo is "To strengthen the bond between people and the living earth." This mission is accomplished through exhibits and programs to educate the public, to increase understanding of animals and nature, and to encourage action on behalf of conservation efforts.

As established by Minnesota statute, the Zoo is a public-private partnership and is intended to operate with considerable independence and to actively solicit contributions from non-state sources. The Zoo 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 Zoo belongs to the people of Minnesota and its facilities and programs are accessible to all Minnesota citizens. The Zoo is also a popular tourist destination which attracts many visitors from other states.

The Zoo provides activities and programs for people of all ages and backgrounds to encourage stewardship for animals and nature and a greater appreciation for the rich diversity of the wild earth.

- Education programs provide meaningful and entertaining interactions with the Zoo's unique collection of plants and animals. Programs foster the development of values regarding species survival, biodiversity, habitat preservation, and environmental stewardship. The Zoo is a primary resource for Minnesota schools to achieve environmental education outcomes.
- Conservation efforts strive to preserve biodiversity and promote a better understanding of animals and nature. The Zoo partners with local and global agencies and organizations to promote the survival of threatened and endangered species and ecosystems. Conservation efforts include participation in Minnesota's trumpeter swan breeding and reintroduction program, and active participation in individual American Zoological Association Species Survival Plans designed to coordinate the breeding of endangered species to maintain genetic diversity.
- Recreation opportunities are family-oriented educational experiences that are delivered both at the Zoo and throughout Minnesota. Visitors to the Zoo have fun and leave with a greater understanding, appreciation, and respect for animals and nature.

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

In 1969 the Minnesota legislature accepted the recommendation of a group of Minnesota organizations that had been exploring the concept of establishing a major zoo in the metropolitan area. At that time the legislature established the Minnesota Zoo Board and in 1973 approved the master plan and appropriated funding to construct the Minnesota Zoological Garden in Apple Valley. Construction began in May 1974 and the Zoo officially opened to the public on 5-22-78.

The Zoo provides exciting family experiences to heighten understanding of conservation and encourage a stewardship ethic for animals and nature. Since opening in 1978, over 22 million visitors have come to the Zoo and its collection now consists of 2,500 animals that represent over 400 species. The Zoo continually evaluates and improves its programs and services to provide for an effective and enjoyable experience. The Zoo has one of the largest membership bases of any family attraction in the state, with a membership of more than 29,000 households. More than one million people visit the Zoo annually, including over 130,000 K-12 students, their teachers and chaperones. The Zoo 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 earth.

Originally designed and constructed as a state-of-the-art zoological facility, the Zoo is now in need of capital investment to protect the state investment in this unique asset and provide more efficient and effective programs to Minnesotans. A renewed Zoo will be more able to meet the need for additional conservation efforts, and the public demand for sophisticated educational and recreational experiences.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS IN RELATION TO CAPITAL REQUESTS:

In June 1987 the Minnesota Zoological Board (Board) adopted a long-range plan that was designed to provide the Zoo with a guiding vision for the next 10 years. The Zoo mission "To strengthen the bond between people and the living earth" guided the process to create the long-range plan. In 1999 the Board adopted an updated plan. The long-range plan provides direction for the Zoo as a whole and is a basis for development of specific operational plans regarding the collection, conservation, education, recreation, and facilities plans. 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 Board, and the Minnesota Zoo Foundation that sustains the Zoo as a resource for all Minnesota citizens. Zoo programs and activities focus on conservation, education, and recreation. The long-range plan ensures that the Zoo 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 plan coordinates 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 area improvements.

Critical to fulfilling the mission of the Zoo as outlined in the plan is the existence of and maintenance of a facility that provides the physical environment needed. Priority goals of the capital budget plan are:

- Preserving the current capital assets.
- Leveraging private funds for additions and improvements to the Zoo.
- Expanding the Zoo collection to bring a wider spectrum of experience to the visitor.
- Increasing the ability to address increasingly critical conservation issues.
- Expanding the educational and interpretive opportunities at the Zoo.

The Zoo capital projects requested in this budget reflect these priority goals.

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

Construction of the Zoo began over 25 years ago and the Zoo has been open to the public for over 23 years. Over one million visitors come to the Zoo and experience the Zoo exhibits and park-like facility each year. The 500-acre facility is aging and requires increased investment to preserve the asset.

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 Zoo should dedicate an additional \$3.4 million annually to maintenance and preventative maintenance activities for the facility.

The current facility does not meet the expectations or needs of the public for increasingly sophisticated conservation education opportunities.

In 2001 the Zoo completed a master planning study. The goal of the process was to define a compelling range of opportunities for the Zoo's physical redevelopment in order to create a strategic, flexible, long-term vision.

The new Master Plan for the Zoo has identified the areas of renewal and development, which are available at the Zoo to increase the ability of the facility to be enjoyed by the people of Minnesota and to be used effectively in delivery of educational and conservation programs designed to fulfill the mission of the Zoo.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

The Zoo routinely requests and receives guest evaluation and comments regarding the current condition of the facility as well as request for future exhibit additions. Regular surveys also indicate levels of guest satisfaction with the current facility and their preferences for future additions. This information is essential to effectively serve the needs of Minnesota citizens.

The Board, upon consultation and recommendation of the Zoo management staff, determines the priorities for capital projects based on guest input, the appropriateness to the Zoo strategic plan, the conservation impact, and the relevance of the project to the successful fulfillment of the Zoo's mission.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1996-2001):

- \$1.75 million was approved during the 1998 legislative session to be used for the first phase of the renewal of the roadways and pathways at the Zoo.
- \$1 million was appropriated from bond funds during the 2000 legislative session for the replacement of heating distribution lines on the Zoo facility.

2002 STATE APPROPRIATION REQUEST: \$18,563,000

AGENCY PROJECT PRIORITY: 1 of 2

PROJECT LOCATION: Minnesota Zoological Garden--Apple Valley

PROJECT DESCRIPTION AND RATIONALE:

This request for \$18,563,000 state dollars is to complete the design work and begin construction of major renewal of existing and development of new exhibits and facilities at the Minnesota Zoological Garden (Zoo). The Zoo was originally constructed during the mid 1970s and opened to the public in 1978. The original Zoo development was based on a visionary plan completed in 1970, "The Minnesota Zoological Garden: Mirror to the Environment," which laid out a course for building the Zoo based on a foundation of education and conservation. The objective of the original construction was to provide for public recreation and education through interpretive displays featuring the natural characteristic of the animals exhibited. Among the principles guiding the construction of the original facility was that animals should be exhibited in a facsimile of their natural environment, and that the Zoo be designed to provide a pleasant and visually stimulating experience for the visitor. These guiding principles resulted in the construction of a zoo that was considered the model for zoo renovations for years to come.

The original Zoo master plan, developed after extensive input from the legislature, zoo professionals, educational groups, as well as the public in general, envisioned a place where the visitor would leave the rush of the city behind, would walk through a park like setting and experience exhibits of animals in settings as natural as possible. The Zoo would present the relationship between animal and human as the central theme, mirrored in every exhibit. The original master plan envisioned a zoo that contained exhibits that would have displayed to visitors animals representative of all of the major zoographic area of the world. The plan called for phases of construction that would have eventually met this objective. Many of the proposed features of the original master plan have never been undertaken.

The Zoo is now 25 years old and the facility condition has been in decline. Since its inception, the Zoo has been viewed by visitors as lacking certain elements expected to be present in a major zoo. Although visionary in the 1970s, 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. Density, intensity, and quality of exhibits and interpretive opportunities are low. Infrastructure maintenance has not kept pace with increasing operational needs. The level of attendance achieved, consistently over one million annually, is remarkable considering the incomplete build-out of the Zoo, and strongly suggests that additional desirable features will result in increased support and attendance.

In the 1999 session the legislature directed the Zoo to submit a report regarding the governing structure and operations of the Zoo. That report was completed and presented to the 2000 session of the legislature. Two of the recommendations contained in the report were to: 1) create a vision for the Zoo's future and when the vision is clear, produce strategic facilities and business plans to execute that vision; and 2) invest in the capital infrastructure at the Zoo.

In order to fulfill these recommendations the Minnesota Zoological Board made the decision in the fall of 2000 to produce a renewed master plan to provide guidance in continuing the development of the Zoo. Private donations were received by the Zoo and were used to contract with nationally recognized zoo master plan consultants to complete the process. The process has been completed and the product of that effort is the "Minnesota Zoological Garden Feasibility Master Plan/Business Plan" (Master Plan).

The Master Plan envisions continuing the Zoo's original objectives and updates the original plan to reflect the changing demands and expectations of the visitors and the community. The master planning process included visitor evaluations that concluded that although visitors generally rate the experience as positive and enjoyable they would desire to see more animals and specifically more exotic animals. The opportunity for increased close up viewing and immersion experiences is desired by visitors. The Master Plan envisions a zoo that meets these needs and moves toward completion of the vision originally laid out when the Zoo was conceived in the 1970s. The renewed Zoo will be more able to meet the public demand for sophisticated education and compelling recreation. The need for addressing increasingly critical conservation issues will be possible through the educational interpretation of new and renewed exhibits.

The primary outcomes of the Master Plan will be:

- A significant increase in the delivery of environmental education to a wider Minnesota constituency by the Zoo.
- Increased effect on conservation both at the Zoo and in nature.
- Increased access to and ownership of a premiere cultural/educational/recreational attraction for the citizens of Minnesota.

The Master Plan has been completed and the next step is the initiation of the design phase to produce the schematic design, and the design development and construction documents necessary to implement the Zoo facility and exhibit improvements as envisioned in the Master Plan.

The Zoo, as envisioned in the renewed Master Plan, is to be designed in such a way as to be ideal for the delivery of programs by the education and bioprograms divisions to meet the mission of the Zoo to strengthen the bond between the people of Minnesota and the living earth.

This Master Plan seeks to focus, clarify and solidify the vision of the Minnesota Zoo as a meaningful and important state asset. The Master Plan supports the development of a world-class facility and environmentally knowledgeable citizens. The Master Plan strives to create a timeless framework that can be enjoyed for generations and incorporates an operational flexibility that will allow the Zoo to continue to develop with and meet the needs of the citizens of Minnesota.

MINNESOTA ZOO FEASIBILITY MASTER PLAN/BUSINESS PLAN

The goal of the master planning process was to define a compelling range of opportunities for the Zoo's physical redevelopment in order to create a strategic, flexible, long-term vision. The implementation of these ideas will allow the Zoo to maximize its existing and future investments in facilities, exhibits and programs, and enhance its position as a key provider of environmental education and public recreation for the citizens of Minnesota. One of the Zoo's primary goals is to display and interpret the magnificence and diversity of the world's wildlife in as natural a setting as possible. The Zoo should be a dramatic and engaging destination that provides an intimate experience with animals and environments. To accomplish this, the Master Plan distributes the collection into a series of thematic zones. These zones allow for compelling, engaging points of viewing as well as meaningful interpretation of the collection. The result of the physical Master Plan is a dramatic and interpretively coherent zoo that carefully integrates the existing landform, lakes and vegetation, exhibits, and facilities, one that supports the mission of the Zoo as a sustainable conservation organization.

The core of the Zoo experience is the exhibits, the pathways, and the public areas, all of which will be linked to the mission of the Zoo and the Zoo's interpretive approach in order to create a compelling presentation of the Zoo's collection. The Master Plan proposes a significant increase in the number of animal exhibits.

The organization of the collection is modified from bioclimatic (the presentation of species from a single biome but multiple locations) to a zoogeographic organization that presents animals from a single location with the potential for multiple biomes. Phase 1 of the Master Plan envisions development and renewal of the following interpretive zones.

Prairie's Edge:

Minnesota's natural prairie heritage will be celebrated and interpreted by this new exhibit complex, which will serve as an introduction to the entire Zoo experience. Dramatic prairie, woodland and marsh habitats, complete with herds of bison, pronghorn antelopes, red fox, prairie dog colonies, and black bears will lead guests from newly enhanced parking areas to the heart of the Zoo. The history of Minnesota's natural resources will be an important component of the visitor's introductory experience. In addition to providing an immediate immersion into a

wildlife environment, the Prairie's Edge zone will significantly improve access, services and orientation for Zoo guests.

Biodiversity Center (Main Building Entry):

The Prairie's Edge will lead all visitors into a significantly redeveloped main building, the Biodiversity Center (Center). The Center will present dramatic views of the natural Minnesota landscape that the Zoo occupies. Within the Center, visitors will be oriented to the mission and offering of the Zoo. Improved visitor services and exhibits will greatly clarify the Zoo experience, provide expanded opportunities for school group education programs, address the current lack of capacity for admissions, bring accessibility levels up to current standards, and enhance the Zoo's ability to generate revenue through improved retail, food service, and group rental facilities. The conservatory like Biodiversity Center, will offer introductory exhibits, including new habitats for small primates, reptiles and fish. It will serve as an introduction to the primary exhibit trails of the Zoo and will create a powerful demonstration of the Zoo's mission—to strengthen the bond between people and the living earth.

Asia Trail Gateway:

The existing Northern Trail has never been developed to the level envisioned in the Zoo's original Master Plan. As a result many visitors have expressed dissatisfaction with the Zoo's primary outdoor exhibit area, due to the long, largely unsheltered pathway, and the minimal selection of animal exhibit experiences offered on the existing trail. The Asia Trail Gateway project will remedy this situation by providing a series of immersion exhibits and educational facilities that will serve as a new "gateway" to the Asian Trail. The project will include new exhibits for snow leopards, red panda, takin, saiga antelope, pheasants, white-lipped deer, wolverine, amur leopard, wild boar, and new close-up views of tigers. Visitors will travel a simulated Himalayan mountain trail and a Siberian forest habitat, with integrated cultural elements discovering both flora and fauna. Enclosed viewing structures will shelter visitors from the elements and provide opportunities for interpretation.

Africa Trail:

The Zoo's original master plan envisioned a major exhibit of African animals, and after 25 years this remains the development most desired by our guests, and the one that holds the greatest promise for significantly increasing Zoo attendance and community support. The updated Master Plan proposes a dramatic new indoor/outdoor complex of African animal exhibits, where guests will be immersed in a simulated African tropical forest and grasslands environment featuring chimpanzees, hippos, giraffes, lions, cheetahs, crocodiles and other species. Linkages to research programs at the University of Minnesota and conservation programs in Africa will be integral to the development, as will new revenue generating facilities including food service and group rental spaces.

Other Projects:

In order to support the increased attendance generated by the Master Plan projects, and to address long-standing infrastructure deficiencies, significant investment in utilities, circulation systems and service facilities is required. New and improved parking lots and roadways, upgraded water, sewer, electrical, heating and cooling systems, expanded storage and support areas, and significant storm water management structures will be completed to allow the Zoo to meet the expectations of guests and the requirements of the collection.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The additional exhibits and buildings to be constructed as envisioned in the Master Plan will require increased expenditures for staff and operations at the Zoo. These increased costs are projected to be funded through increased revenue.

OTHER CONSIDERATIONS:

Past capital additions to the Zoo since the original construction have been funded in part or completely by contributions from the private sector. The Zoo envisions that the Minnesota Zoo Foundation will undertake a major fund raising effort in support of the completion of this major development and renewal at the Zoo. The Foundation board of directors has made a commitment to raise and contribute a one to three match for the Master Plan project.

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

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Apple Valley, MN 55124
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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	200	0	0	0	200	11/2000	12/2001
3. Design Fees							
Schematic	0	1,644	0	0	1,644	06/2002	06/2005
Design Development	0	2,739	0	0	2,739	06/2002	06/2005
Contract Documents	0	4,383	0	0	4,383	06/2002	06/2007
Construction Administration	0	346	1,847	0	2,193	06/2002	06/2007
4. Project Management						06/2000	06/2007
State Staff Project Management	0	287	1,539	0	1,826		
Non-State Project Management	0	460	2,462	0	2,922		
Commissioning	0	0	0	0	0		
Other Costs	0	805	4,309	0	5,114		
5. Construction Costs						06/2002	06/2007
Site & Building Preparation	0	143	303	0	446		
Demolition/Decommissioning	0	96	952	0	1,048		
Construction	0	3,209	31,818	0	35,027		
Infrastructure/Roads/Utilities	0	4,772	11,974	0	16,746		
Hazardous Material Abatement	0	115	615	0	730		
Construction Contingency	0	1,046	5,596	0	6,642		
Other Costs	0	2,239	10,915	0	13,154		
6. One Percent for Art	0	115	615	0	730		
7. Relocation Expenses	0	115	615	0	730	06/2003	06/2007
8. Occupancy						06/2003	06/2007
Furniture, Fixtures and Equipment	0	575	3,078	0	3,653		
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	200	23,089	76,638	0	99,927		
9. Inflation							
Midpoint of Construction		04/2003	07/2005				
Inflation Multiplier		7.20%	17.30%	0.00%			
Inflation Cost		1,662	13,258	0	14,920		
GRAND TOTAL	\$200	\$24,751	\$89,896	\$0	\$114,847		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	18,563	67,442	0	86,005
State Funds Subtotal	0	18,563	67,442	0	86,005
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	200	6,188	22,454	0	28,842
Other	0	0	0	0	0
TOTAL	200	24,751	89,896	0	114,847

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	323	1,522	4,207	5,753
Other Program Related Expenses	56	265	1,049	1,703
Building Operating Expenses	11	176	549	779
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	390	1,963	5,805	8,235
Revenue Offsets	<390>	<1,963>	<5,805>	<8,235>
TOTAL CHANGES	0	0	0	0
Change in F.T.E. Personnel	7.0	23.0	63.0	65.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects only)	Amount	Percent of Total
General Fund	18,563	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 (by Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Without a predesign being submitted prior to the request it is not possible for an analysis to be made. Project construction information and costs have not been provided to examine \$/SF of functional areas.

Department of Finance Analysis:

This request is the result of a master planning study conducted in 2001, which recommends major redevelopment and renewal of the Zoo's facilities. The request is for \$18.563 million in 2002 and \$67.442 million in 2004 to design and construct Phase 1 of the plan. The total cost of Phase 1 is \$114.847 million.

The Zoo is requesting the state to pay for 75% of the project and proposes to raise the remaining 25% (\$28.8 million) from private sources. The Zoo has not undertaken a capital campaign of this size in the past; however, it has successfully raised \$9 million for Discovery Bay and the Family Farm.

The Zoo is not requesting additional state funds to support the increased operating costs of the Zoo resulting from the new exhibits and development. Rather, the Zoo proposes to pay these increased costs from increased operating revenue and fees generated by the new exhibits. The Zoo has prepared a business plan that details revenue, expenditure and attendance projections of the master plan.

The amount budgeted for "1% for art" exceeds the statutory requirement for this line item.

In addition to those discussed above, the strategic score also reflects the following conclusions:

- The master planning study is strongly linked to the Zoo's mission, strategic goals and objectives.
- A portion of the proposal will involve asset preservation work.
- Because the master plan was only recently completed, this is the first capital budget in which funds have been requested. Therefore, no points were awarded for the project's inclusion in the state's six-year planning estimates.

Governor's Recommendation:

The Governor recommends a partial appropriation of \$7.184 million for the Asia Trail Gateway component of the Zoo master plan. This appropriation is from general obligation bonding and is contingent upon the Zoo securing matching funds for the remaining costs of the Asia Trail project, estimated at \$2.4 million or 25% of the project's cost.

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	100
User and Non-State Financing	0-100	25
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	0
Total	700 Maximum	370

The Zoo's proposed master plan includes many new exhibits and facility renovations. At this time however, the Governor is proposing to fund only the Asia Trail Gateway component of the plan. This new exhibit will significantly improve the Zoo experience for the visitor in a cost-effective manner.

2002 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 2 of 2

PROJECT LOCATION: Minnesota Zoological Garden--Apple Valley

PROJECT DESCRIPTION AND RATIONALE:

This request for \$3 million in state funds is to preserve and maintain the Minnesota Zoological Garden (Zoo) and involves the repair, replacement, and renewal needs of the facility. These needs have developed over the time since the Zoo was originally constructed in the 1970s and represent an assessment of the current facility's deficiencies including, but not limited to, the following:

- safety hazards and code compliance issues;
- roof repairs and replacements;
- mechanical and structural deficiencies;
- building envelope work including tuck-pointing, window and door replacement, etc.;
- road, pathways and parking lot repair and replacement;
- major mechanical and utility system repairs, replacements and improvements; and
- storm water management.

The projects associated with this request are primarily nonrecurring in scope, although all facility components require scheduled maintenance and repair, and eventually require replacement in order to maintain the facility in a utility state. Many of the projects have an average life cycle of 20 to 25 years, which corresponds with the original construction and opening of the Zoo facility. The facility has reached the age where significant level of repair and replacement are necessary and cannot be addressed with the current level of repair funding in the operating budget. This request is primarily to address the accumulated deferred maintenance needs of the Zoo facility.

Asset preservation is a fundamental component of the capital budget process. The objective of asset preservation is to reduce the amount of deferred maintenance and deferred renewal in state owned facilities. Because the Zoo was an entirely new facility 25 years age, the operating budget was not originally funded at a level sufficient to maintain repair and replacement activities at a level sufficient to maintain the facility in a continuing state of utility. In 1998 the Statewide Facilities Management Group, coordinated by the Department of Administration, assessed the appropriate level of annual building maintenance necessary for state agency facilities. According to the guidelines the Zoo should be spending an additional \$3.4 million annually to maintain and preserve the facility. The Zoo maintains a list of

projects that are prioritized based on life safety, facility preservation, existing conditions and the consequences of not performing the repair and renewals. The list is updated as needs and conditions change. The current list of deferred maintenance needs totals over \$20 million.

Asset preservation is an ongoing need at the Zoo. Funding this request will preserve the state's asset and improve service and operation of the Zoo. The consequences of not funding this request include long-term facility depreciation, further deterioration and structural decay, escalating repair costs of emergency repair, and the ability and effectiveness of the facility in meeting the expectations and needs of the public that visits the Zoo. Funding of this request will enable the Zoo to address the deferred maintenance problem and reduce the backlog of deterioration to the facility.

IMPACT ON STATE AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Funding this request will allow the Zoo to address the large and growing backlog of deferred asset preservation projects. Lack of funding will require the continued use of limited repair funds within the operating budget to address critical and emergency asset preservation. This will continue to limit the Zoo's ability to perform routine preventative facility maintenance and add to the deferred maintenance problem.

OTHER CONSIDERATIONS:

In the past, the Zoo has requested funding for specific asset preservation projects including the "roads and pathways" and the "heating supply line/chiller replacement" projects. These projects were partially funded in previous capital budget appropriations. The need for asset preservation activities at the Zoo has been increasing significantly as the facility ages and this asset preservation request is being expanded to include the total need for asset preservation funding at the Zoo.

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

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TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 2002-03	Project Costs FY 2004-05	Project Costs FY 2006-07	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land Easements, Options	\$0	\$0	\$0	\$0	\$0		
Land and Buildings	0	0	0	0	0		
2. Predesign Fees	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	200	200	200	600	07/2002	06/2004
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
4. Project Management						07/2002	06/2004
State Staff Project Management	0	100	100	100	300		
Non-State Project Management	0	0	0	0	0		
Commissioning	0	0	0	0	0		
Other Costs	0	0	0	0	0		
5. Construction Costs						07/2002	06/2004
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	2,700	2,700	2,700	8,100		
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	0	0	0	0		
6. One Percent for Art	0	0	0	0	0		
7. Relocation Expenses	0	0	0	0	0		
8. 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		
Other Costs	0	0	0	0	0		
SUBTOTAL: (items 1 – 8)	0	3,000	3,000	3,000	9,000		
9. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost		0	0	0	0		
GRAND TOTAL	\$0	\$3,000	\$3,000	\$3,000	\$9,000		

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 2002-2007
Dollars in Thousands (\$137,500 = \$138)

CAPITAL FUNDING SOURCES	Prior Years	FY 2002-03	FY 2004-05	FY 2006-07	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

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2002-03	FY 2004-05	FY 2006-07	FY 2008-09
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL CHANGES	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 only)	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 (by Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (by Legislature)
No	MS 16B.335 (2): Other Projects (require legislative notification)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required (as per Finance Dept.)
No	MS 16A.695: Use Agreement Required (as per Finance Dept)
No	MS 16A.695: Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	Project Cancellation in 2007 (as per Finance Dept)

Department of Administration Analysis:

Admin policy is to support the appropriation of funds for asset preservation as a means of ensuring appropriate stewardship of current state owned facilities.

Department of Finance Analysis:

This request is for \$3 million in ongoing asset preservation funds for the Minnesota Zoo, a 25-year old, state-owned and operated facility.

The strategic score for this request is based on the following:

- Although the Zoo draws visitors from throughout the state, the asset preservation improvements would not increase attendance in any quantifiable way.
- All of the funds will be used for asset preservation activities, and a portion of the funds will address safety concerns and code compliance issues.
- The request is consistent with the agency's strategic goals and mission.
- No matching funds are anticipated with this request.
- Asset preservation is contained in the state's six year planning estimates. In the 2000 capital budget, the Zoo requested and the Governor recommended two asset preservation projects: \$1.1 million to repair and upgrade the heating and cooling system and \$4 million for road and pathway repair. The legislature appropriated \$1 million for the heating and cooling system. The Governor also recommended asset preservation funds for the Zoo in his 2001 capital budget.

Governor's Recommendation:

The Governor recommends general obligation bonding of \$3 million for this request as part of his statewide asset preservation and facility repair initiative. Also included are budget planning estimates of \$3 million in 2004 and \$3 million in 2006.

To encourage rapid expenditure of these capital funds for immediate economic stimulus, the Governor recommends a sunset date of 6-30-2004 for the 2002 appropriation. Any portion of these funds not spent or encumbered by that date should be cancelled.

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	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	410