1998-2003

Minnesota Strategic Capital Budget Plan

Environment and Natural Resources

Presented by Governor Arne H. Carlson to the 80th Legislature

MINNESOTA STRATEGIC CAPITAL BUDGET PLAN 1998-2003

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ENVIRONMENT AND NATURAL RESOURCES

The Governor's 1998-2003 Strategic Capital Budget Plan ***Executive Summary*** and ***Requests for Each Agency*** can be viewed at the Department of Finance's web site at: http://www.finance.state.mn.us/bis

ENVIRONMENT AND NATURAL RESOURCES

The Governor's 1998 capital budget invests $202.5 million in four major environmental areas. The projects listed on the following pages are sorted by agency. This page provides an overview of the entire environmental initiative, showing totals and funding sources for each major theme, as well as totals and funding sources for each project. The table below also lists each project's agency ranking for easy cross-reference to the agency project summary page. Please refer to the individual agency sections for agency summaries and project detail.

Governor's 1998 Environmental Initiative

Agency	Proj. Rank	Project Title	Bonding	General Fund	Total
		Habitat Protection and Enhancement			
BWSR	1	RIM Reserve Perm Wetlands	16,800	3,200	20,000
DNR	NB-5	Critical Habitat Match	11,250	250	11,500
DNR	NB-7	White Pine	0	300	300
DNR	NB-8	Forest Roads & Bridges	1,900	0	1,900
DNR	NB-9	RIM Fish Hatchery Rehab	1,300	0	1,300
DNR	NB-11	RIM Wildlife Dev/Hab Improvement	4,000	500	4,500
DNR	NB-12	SNA's	1,500	500	2,000
DNR	NB-13	Metro Greenways	900	200	1,100
DNR	NB-16	Stream Protection	1,500	300	1,800
DNR	NB-18	State Forest Land Acq	800	0	800
DNR	NB-20	Accel. Wildlife Habitat Mgt.	1,450	3,100	4,550
DNR	NB-22	Enhance/Promote Outdoor Skills	0	150	150
DNR	G-1	Local Initiative Grants	100	0	100
		Subtotal	**41,500**	**8,500**	**50,000**
		Outdoor Recreation-Parks and Trails			
DNR	B-3	Park & Rec. Area Bldg Rehab	4,620	0	4,620
DNR	B-4	Park & Rec. Area Bldg Dev.	5,535	360	5,895
DNR	NB-1	Park & Rec. Area Betterment	2,935	0	2,935
DNR	NB-6	Veterans Memorial State Park	0	14,000	14,000
DNR	NB-10	Forest Recreation Facilities Rehab	1,000	600	1,600
DNR	NB-15	Trail Acq. & Dev.	12,000	450	12,450
DNR	NB-17	Park & Rec. Area Acquisition	3,500	0	3,500
DNR	G-2	Metro Regional Parks	9,825	0	9,825
DNR	G-1	Local Initiative Grants	8,000	250	8,250
		Subtotal	**47,415**	**15,660**	**63,075**
		Environmental Protection			
BWSR	3	Local Govt Road Replacement	5,000	830	5,830
BWSR	4	Area II MN River Grant-in-Aid Progra	1,000	0	1,000
DNR	NB-2	Well Sealing	0	476	476
DNR	NB-3	Dam Repair	1,000	0	1,000
DNR	NB-4	Flood Hazard Mitigation	24,000	0	24,000
OEA	1	Capital Assistance Prog.	5,000	0	5,000
PFA	1	State Matching Fund	18,000	0	18,000
PFA	2	Waste Water Infrastructure	9,000	180	9,180
		Subtotal	**63,000**	**1,486**	**64,486**
		Environmental Infrastructure			
DNR	B-1	Statewide Asset Preservation	2,282	0	2,282
DNR	B-2	Office Facilities Dev	11,991	0	11,991
DNR	NB-14	Water Access Acq. Betterment	1,000	0	1,000
DNR	NB-19	Lake Superior Safe Harbors	5,300	0	5,300
MZB	1	Roadways and Pathways	3,200	0	3,200
		Subtotal	**23,773**	**0**	**23,773**
DNR	NB-21	**Customer Service**	0	1,190	1,190
		GRAND TOTALS	**175,688**	**26,836**	**202,524**

Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

Project Title	1998 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 1998	Governor's Planning Estimate	
		1998	2000	2002	Total			2000	2002
Statewide Asset Preservation	B-1	$2,282	$2,283	$2,283	$6,848	375	$2,282	$2,283	$2,283
Office Facilities Development - DNR	B-2	11,991	17,546	20,641	50,178	285	11,991	17,546	20,641
State Park & Rec Area Bldg Rehab (Rec)	B-3	4,620	3,000	3,000	10,620	420	4,620	3,000	3,000
State Park & Rec Area Bldg Dev (Rec)	B-4	5,895	4,500	4,500	14,895	225	5,895	4,500	4,500
State Park & Rec Betterm't Rehab (Rec)	NB-1	2,935	3,000	3,000	8,935	505	2,935	3,000	3,000
Well Sealing and Inventory on DNR Land	NB-2	476	542	0	1,018	465	476	542	0
Dam Repair/Reconstruction/Removal	NB-3	1,000	2,000	2,000	5,000	425	1,000	1,000	1,000
Flood Hazard Mitigation Grants	NB-4	24,000	4,000	4,000	32,000	495	24,000	4,000	4,000
RIM - Critical Habitat Match (Hab)	NB-5	11,500	5,000	5,000	21,500	450	11,500	5,000	5,000
Veterans Memorial State Park (Rec)	NB-6	14,000	0	0	14,000	155	14,000	0	0
White Pine Management (Hab)	NB-7	300	0	0	300	170	300	0	0
Forest Roads and Bridges (Hab)	NB-8	1,900	750	500	3,150	370	1,900	750	500
RIM - Fish Hatchery Rehabilitation (Hab)	NB-9	1,300	500	500	2,300	350	1,300	500	500
Forest Recreation Facility Rehab (Rec)	NB-10	1,600	1,000	1,000	3,600	380	1,600	1,000	1,000
RIM - Wildlife Dev/Habitat Improve (Hab)	NB-11	4,500	4,000	4,000	12,500	270	4,500	4,000	4,000
SNA's and Prairie Bank (Hab)	NB-12	2,000	5,200	5,200	12,400	330	2,000	1,500	1,500
Metro Greenways and Natural Areas (Hab)	NB-13	1,100	0	0	1,100	145	1,100	0	0
Water Access Acq, Better, & Fishing Piers	NB-14	1,000	4,500	4,500	10,000	280	1,000	1,000	1,000
Trail Acq, Develop, & Betterment (Rec)	NB-15	12,450	5,000	5,000	22,450	225	12,450	5,000	5,000
Stream Protection and Restoration (Hab)	NB-16	1,800	140	140	2,080	195	1,800	140	140
State Park and Rec Area Acquisition (Rec)	NB-17	3,500	4,000	4,000	11,500	245	3,500	4,000	4,000
State Forest Land Acquisition (Hab)	NB-18	800	2,100	2,100	5,000	200	800	800	800
Lake Superior Safe Harbors	NB-19	5,300	5,000	5,000	15,300	220	5,300	5,000	5,000
Accel. Wildlife Habitat Mgt & Inven (Hab)	NB-20	4,550	0	0	4,550	130	4,550	0	0
Customer Service & Data Access	NB-21	1,190	0	0	1,190	130	1,190	0	0
Enhance & Promote Outdoor Skills (Hab)	NB-22	150	0	0	150	110	150	0	0
Local Initiative Grants (Rec)	G-1	8,350	8,000	8,000	24,350	360	8,350	8,000	8,000
Metro Regional Parks Capital Improve. Prog.	G-2	9,825	15,579	15,900	41,304	315	9,825	9,825	9,825
Office Facilities Development - Interagency		0	12,317	500	12,817	310	0	0	0
Field Office Renovations and Improvements		0	1,885	1,146	3,031	355	0	0	0
Trail Rehabilitation and Adaptation		0	500	500	1,000	430	0	0	0
RIM - Fisheries Improvement		0	500	500	1,000	280	0	0	0
Facility Development - Storage		0	1,142	668	1,810	200	0	0	0
Total Project Requests		$140,314	$113,984	$103,578	$357,876		$140,314	$82,386	$84,689

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AGENCY MISSION STATEMENT:

The mission of the Minnesota Department of Natural Resources (DNR) is to work with people to manage the state's diverse natural resources for a sustainable quality of life.

Minnesota's natural wealth exerts a powerful influence on the state's culture, while contributing to a multi-billion dollar outdoor recreation and tourism economy.

The agency creates safe opportunities to utilize resources to provide economic return. It also 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.

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 plan an important role in supporting resource industries. DNR also administers state-owned navigable waters and submerged land and is charged with maintaining surface water and ground water supplies that meet long-term requirements for basic use, environmental protection and economic production.

Activities regulated by the department include hunting; trapping; fishing; boating; snowmobiling; wild rice gathering; mineral exploration, mining, and reclamation; dredging, filling, and draining protected waters and wetlands; constructing and maintaining dams; appropriating and using the surface and groundwaters; 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 process, the department identified significant factors and trends that affect the demand for DNR capital programs. These are summarized below:

Demographic shifts will influence who uses resources, what resources are in demand and where resources are used.

The state's population is growing; the fastest-growing group is people of color. The state's population also is aging, and baby boomers soon will be 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 with the natural landscape. This can influence the public's environmental views and values.

Residential development will continue to expand into once rural areas.

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 a rural land development growth in many parts of Minnesota. Many Minnesotans have home site choices not readily available in other areas of the United States. These trends probably will continue. Much of the land supporting these residential sites is wooded, hilly, and near water. These same landscapes are important elements of the state's natural ecosystem and critical to sustaining high-quality outdoor recreation opportunities, such as hunting, fishing, and canoeing.

Technology will reshape how natural resources are used, will create new issues in resource management, yet will offer new solutions to some complex issues. Technology offers opportunities for new recreational uses: jet skis, roller blades, mountain bikes, off-road vehicles, etc., have created new markets, and further changes can be expected.

Continued 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. Technology also can generate concerns such as new or more intensive demand on natural resources. Many technology-driven changes will be unpredictable in their advent and impacts.

Political shifts will influence how resource decisions are made and what values will influence the public.

Shifts in responsibilities from the federal level to the state will continue. Local participation in resource management decisions will grow as citizens and local government develop a better understanding of resource management needs. Interests in privatization of public services will continue. Social problems will remain difficult in the short term: the public focus will continue to be on crime, education and housing issues.

Economic forces will define several conditions important to resource management, including resource use, customer needs and wants, and revenues available for managing natural resources.

The natural resource sector of the state economy continues to grow and change. Between 1989 and 1995, earnings in key natural resource sectors in Minnesota grew at a healthy rate. Employment also expanded in most of these sectors. Recent expansions announced in the mineral and timber industry suggest that natural resource-based industries will continue to grow in Minnesota.

Natural resource industries in Minnesota that once served mostly local markets increasingly are part of the global economy. Demand as well as production centers in other nations have much greater influence on Minnesota's natural resource industries. Global market influences are less predictable but may suggest higher demand and less volatility for natural resource products.

In the social realm, increasing poverty in urban areas will complicate DNR efforts to provide services to a broader mix of the state's population. While survey findings conclude that Minnesotans highly value their natural heritage, greater concerns for education, public assistance, and corrections may limit revenue available for resource management.

Consumerism will define the scope and direction of resource demand.

America's affluence allows society to consume commodities at a rapid rate. Despite efforts to recycle and reduce waste, America's consumer society creates large demands on natural resources. Even in outdoor recreation and leisure pursuits, use of more sophisticated equipment can influence resource management needs and demands.

Increasingly, other nations are becoming consumer societies. As third world nations begin to prosper, their consumptions of goods and services will grow. With supply and demand markets now being global, trends in other nations can greatly influence demand for resource products in Minnesota.

The natural environment itself is a powerful underlying force that helps define resource management issues and opportunities.

Existing environmental conditions are a force as they establish a baseline from which gains and losses will be measured and managed. The natural environment has a powerful but unpredictable ability to influence resource trends. Demands created by drought, floods, wildfire, and pathogens will often require a shift in managing resources to address crisis situations. Historical environmental conditions provide information for evaluating ecosystem health and guidance for ecological restoration.

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

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.

It is our intention 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 current condition, suitability and functionality of DNR facilities are generally poor and hinders accomplishing work. We feel that this situation has developed over time for several important reasons.

1. The current inventory of facilities is a poor match to the management goals of the DNR. Facilities for smaller work units are separated and isolate the resource management workers from the DNR to be routed from place to place until the get to they get to the right person.

   Ecosystem based management resource management approaches have evolved to meet today's complex problems and to address increasing and conflicting demands on the natural resource base. For natural resource managers, eco-based management means building on their best management traditions and extending management means building public-private partnerships to accomplish common goals aimed at long-term sustainability of entire land and water systems.

2. Many changes have affected the type and location of facilities needed to deliver natural resource management services. Changes in resource use patterns and therefore in resource management focus has caused shifts in the demand for work space. Changing codes, standards and uses have combined to create a pent up demand for investment in facilities to make them suitable and fully functional for the DNR.

   It is common to find facilities that require significant repairs and major work to correct violations of a variety of codes and standards. Day-to-day operations are hindered in inadequate facilities. Replacement, renovation and adaptation of facilities have gone unfunded.

   Increased demand for suitable facilities substantially exceed available inventories.

3. Change stakeholders and citizen perspectives demand that natural resource management workers have facilities that can accommodate citizen and stakeholder participation on locally significant issues.

Very few of our facilities can accommodate meetings or effectively demonstrate and interpret important local natural resource management issues.

Major issues include overcrowded conditions, facility use at odds with design, inadequate basic building services and utilities needed to support operations. Some of the most pressing needs are summarized as follows:

Aging facilities need extensive renovation to meet new requirements or to correct the effects of deferred maintenance.

Historically significant structures require special handling to be maintained as a part of the human history of the state.

Flexible, adaptable space is needed to accommodate changes in the deployment of natural resource management workers, equipment, information and material.

Facility acquisition, renovation, placement or divestiture must accommodate the organizational vision while serving user requirements.

Mandates for healthy work places, safety and accessibility must be fulfilled along with addressing issues affecting employee productivity.

Rapid advances in technology have altered the work place. Planning is required for flexibility in organizational function and information transmission.

Energy conservation requires new building designs, construction material, and energy management systems.

Accelerated deterioration of facilities is occurring due to under funded operating budget for maintenance, repair and replacement. This deterioration is eroding the state's capital investment in facilities faster than is fiscally prudent to allow.

The DNR has on inventory 1,969 active, full maintenance buildings ranging from vault toilets to complex office buildings housing more than 100 people. These buildings are on inventory because each represents, on one hand, a significant part of DNR's investment in facilities and, on the other hand, 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. Sixty-two percent of our expenditures on maintenance. 641 buildings have been built since 1975. Therefore, only 21% of the department's buildings have been built using design constraints roughly equivalent to today's standards.

Detailed information on management costs for facilities such as those owned by the DNR is available through "The Building Owners and Managers Association (BOMA) Experience Exchange." BOMA information indicates that for the type of facilities we manage we should expect that our annual maintenance obligation is $1.77 per gross square foot per year.

The State and DNR must achieve the best possible return on its significant investment in facilities. This suggests a need to plan for adaptation to new uses and standards. We need to plan and budget for custodial care, catastrophic losses, energy management, furnishings and the cost of divestiture. Current industry information indicates that owners of facilities of the type managed by the DNR experience costs of $3.24 per square foot for these issues.

DNR funds annual maintenance, repair, custodial care, energy management, adaptation at about $0.66 per square foot.

In short, because of the funding disparity, we have accumulated a $21.7 million iceberg of deferred maintenance and repair. The physical configuration of the Department's facilities and the organization need for facilities have diverged so far that we suffer from a significant miss match between operational need and the physical support structure.

In the last three Capital Budget sessions DNR has been directly and indirectly appropriated funds for Asset Preservation and we have access to CAPRA funds appropriated to the Department of Administration. These funds have helped make significant progress in correcting many serious facility repair problems. We have kept pace with the rate at which facility deterioration is occurring. In fact, over the last several years, we have reduced the $21.8 million capital iceberg to $21.7 million. This critical addition of funds has made a tangible difference in facility conditions.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The vision of the Department of Natural Resources is *to work with people to manage the state's diverse natural resources for a sustainable quality of life.*

DNR's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving this vision and provides the framework for guiding budget investment decisions. Through its strategic planning process, the DNR endorsed the following goals to implement its vision of sustainability:

1. To maintain, enhance, or restore the health of Minnesota's ecosystems so that they can continue to serve environmental, social and economic purposes.

2. To foster an ethic of natural resource stewardship among all Minnesotans.

Capital Budget Plan

In developing the capital budget request this year, a theme emerged of "Access to the Outdoors." The department's goal is to increase and improve access to outdoor activities for the wide variety of customers we serve. This ranges from improving wildlife and fish habitat to additional, and more accessible, recreational trails; from more accessible office facilities to a more positive experience for park visitors; from improving access natural resource electronic library, maps and reports.

The Capital Budget Plan identifies priority actions where capital investment can contribute to achieving the strategic plan goals and access to the outdoors.

Goal: To maintain, enhance or restore the health of Minnesota's ecosystems so that they can continue to serve environmental, social and economic purposes.

Capital Budget Priority: Protect significant natural resources through acquisition and improvement of existing holdings.

Projects: RIM-Fish Hatchery Rehabilitation, RIM-Wildlife Development and Habitat Improvement, Scientific and Natural Areas and Prairie Bank, RIM Critical Habitat Match, Stream Protection and Restoration, Metro Greenways and Natural Areas, Accelerated Wildlife Habitat Management and Inventory, and White Pine Management.

Capital Budget Priority: Acquire in-holdings within existing management units.

Projects: State Park and Recreation Area Acquisition and State Forest Land Acquisition.

Capital Budget Priority: Address the demand for outdoor recreation opportunities.

Projects: State Park and Recreation Area Building Development, Forest Roads and Bridges, Forest Recreation Facility Rehabilitation, Water Access Acquisition and Betterment and Fishing Piers, Trail Acquisition, Development and Betterment, Veteran's Memorial State Park, Local Initiative Grants and Metro Regional Parks Capital Improvement Program.

Capital Budget Priority: Address public safety needs.

Projects: State Park and Recreation Betterment Rehabilitation, Well Sealing, and Inventory on DNR Lands, Dam Repair/Reconstruction/Removal, Flood Hazard Mitigation Grants, and Lake Superior Safe Harbors.

Goal: To foster an ethic of natural resource stewardship among all Minnesotans.

Capital Budget Priority: Provide opportunities for citizens to obtain natural resource information.

Projects: Enhancing and Promoting Outdoor Skills, and Customer Service and Data Access.

Goal: Provide a safe and healthy work environment for DNR employees, pursue efficiency and effectiveness of support operations, and provide better access for customers to field office.

Capital Budget Priority: Provide adequate accessible space for customers and employees.

Projects: Office Facility Development

Capital Budget Priority: Reduce deferred maintenance and move toward asset management.

Projects: Statewide Asset Preservation, State Park and Recreation Building Rehabilitation.

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 Financial Management, Field Services, Engineering, and the Commissioner's Office. This group monitors implementation of current projects and plans and designs the capital budget program managers from the department disciplines to monitor progress and share information.

The DNR has established a department-wide database for capital projects. All units use this database to record cost, priority, and other data supporting the capital requests. The Bureau of Engineering has reviewed and approved all building cost data for these requests.

During the past year the DNR completed a major revision of its strategic plan. The plan describes the status, priorities, and management approaches for the major ecosystems in Minnesota. The previous section describes how the capital programs contribute to ecological integrity while providing for sustainable use of natural resources for social and economic purposes.

In addition, 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 (1992-1997):

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
- Eagle Creek Acquisition
- Scientific and Natural Areas Acquisition and Improvement
- Dam Repair and Reconstruction
- Flood Hazards/Damage
- Well Sealing
- Reinvest in Minnesota
- Interpretive and Educational Facilities (ELC Grants)
- Local Recreation Grants
- Department Buildings
- Underground Storage Tank Removal and Replacement
- Statewide Deferred Renewal
- Metropolitan Council Regional Parks

The 1994 appropriations were targeted to resource acquisition and improvement, resolving or addressing health and safety issues such as well sealing statewide, underground storage tank removal and replacement, dam improvements, flood hazard mitigation, etc. Also, the Department received an appropriation for pass-through funds to the Metropolitan Council's Regional Recreation Open Space System. Matching funds for grants to local units of government for recreation and environmental learning centers were authorized during the 1994 legislative session.

See Attachment 1.

File: SixYr97
12/17/97

ATTACHMENT 1
Department of Natural Resources
Capital Budget FY 1998 - 2003
Summary of Agency Capital Projects During the Last Six Years
FY 1992 - 1997 ($000's)

Budget Section	Land Acquistion and Improvements											Dams	Flood Grnt	RIM	Interp Grnt	Local Grants	Facilities	Fuel Tanks	
Legal Citation	Forest Roads & Bridges	Acq St Forest	Better St Parks	Acq St Parks	Acq/ Betterment St Trails	Fish Hatchery Improve	Acq Eagle Creek	Acq/ Improve SNA's	Acq/ Improve WMA's	Acq/Imp Water Access	Well Sealing	Dam Repair & Reconst	Flood Hazard Damage	RIM	Interp/ Education Facilities	Local Recreation Grants	Buildings	Under-Ground Fuel Tanks	Total
Laws '92, Chap 558		385	2,751	600	1,000	1,250		100			250	1,570	500	1,250			1,731 (2)	295	11,682
Laws '93, Chap 373 (1)		60							90			650							800
Laws '94, Chap 643	300	250	1,250	2,000	6,128					3,750	224	4,100	2,600	6,000	11,840	11,400 (3)	10,449 (4)	1,000	61,291
Laws '95s, Chap 2							1,500					200							1,700
Laws '96, Chap 463	250		1,450	1,750	7,200						420	2,260	1,490	4,950		10,050 (5)	5,950 (6)		35,770
Laws '97, Chap 246													4,000						4,000
Laws '97s, Chap 2													13,000						13,000
Total	550	695	5,451	4,350	14,328	1,250	1,500	100	90	3,750	894	8,780	21,590	12,200	11,840	21,450	18,130	1,295	128,243

(1) Transfer of appropriation from Laws '89, Chap 300, Sec 19 (DTED) originally intended for dredging the Duluth Harbor.

(2) $1,731,000 - Field Offices Consolidation

(3) $10,000,000 - Metro Council Regional Parks
$1,400,000 - Local Recreation Grants

(4) $3,000,000 - State Park Buildings Rehabilitation and Development
$631,000 - Farmland Wildlife Population and Research Center
$368,000 - Forestry Air Tanker Facility
$650,000 - Minerals Drill Core Library
$500,000 - Lac Qui Parle Visitor Center
$750,000 - International Wolf Center
$500,000 - Forest Recreation Facility
$1,400,000 - Statewide Deferred Renewal
$2,500,000 - National Sport Shooting Center (originally appropriated to Amateur Sports Commission)
$150,000 - St. Croix Valley Heritage Center (originally appropriated to Historical Society)

(5) $9,550,000 - Metro Council Regional Parks
$500,000 - Mesabi Trail

(6) $4,150,000 - State Park Buildings Rehabilitation and Development
$1,800,000 - Office Facilities Completion

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 1 of 4 (Building Projects)

1998 STATE APPROPRIATION REQUEST: $2,282

PROJECT DESCRIPTION:

The Department of Natural Resources (DNR) has identified $21.7 million in deferred asset preservation projects for statewide facilities. Facility maintenance and repair has been substantially underfunded for many years. This has resulted in an "capital iceberg" of deferred maintenance and repair projects. This request for $2.282 million represents the minimal level of funding necessary to stabilize the growth of the "capital iceberg" and to begin moving towards elimination of it by correcting building deficiencies. Funding this request will provide for all aspects of asset preservation, including roof repair, plumbing and heating, electrical repair and renovation, energy efficiency improvements and structural renovations.

The facility maintenance and repair projects included in the DNR request are separate from and not included in the Department of Administration's Capital Asset Preservation and Replacement Account (CAPRA) request.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The project rationale is clear. The state owns and needs facilities to conduct the day-to-day business of the department at many locations throughout the state. To protect our investment in facilities, the DNR must provide for proper maintenance to obtain the full use of its buildings.

Many of the DNR facilities suffer from a wide range of code violations. These violations include: non-compliant sanitary and plumbing systems; substandard electrical and lighting services; inadequate heating, ventilation and air conditioning in employee work spaces; and occupancy of unsuitable spaces.

The DNR continues to invest in human resources by supporting a trained, equipped, productive, and culturally diverse work force. Maintenance and rehabilitation of facilities to allow full access and function for our work force and the user public will significantly enhance the delivery of resource management services.

The DNR's long-range strategic asset management plan is to establish a level of maintenance that fully protects the state's investment in facilities. Funding for deferred asset preservation will address the backlog of maintenance work that has gone undone due to inadequate funding. Facility condition significantly contributes to or detracts from the DNR's ability to manage the state's natural resources. Poor lighting, ventilation, and inadequate utility services often hinder the day-to-day effort to manage the state's resources. It is in the state's best interest to maintain facilities in the best possible condition to enhance employee productivity and to protect the long-term investment in buildings.

The department's maintenance and repair effort is severely underfunded. We have accumulated a $21.7 million "capital iceberg" of deferred asset preservation projects. On an annual basis, DNR is funded in the operating budget at approximately $2 million for maintenance, repair, and betterment activities. At a minimal level of $1.72 per gross square foot, DNR should be spending slightly more than $4 million annually for asset preservation on our 2.3 million square feet of space. Operating budgets for maintenance, repair, and replacement are eroding away through inflation and increases in the demand for more sophisticated design solutions to problems. More stringent codes and standards require more expensive solutions. This capital request is critically needed on an ongoing basis to reduce the backlog and begin to address our annual asset preservation needs.

Projects to be accomplished with this request for funds will address the following issues:

Critical Life Safety Emergency:	The nature of individual projects varies substantially. However, we know that 15% of the deferred work is work that addresses critical life safety issues. Substandard electrical systems, poor indoor air quality, poor environmental controls, hazard conditions due to deterioration, immediate failures of equipment that is vital to building operations, hazard egress routes, and inappropriate mixed occupancies are a few of the issues that fall into these urgent categories. We exclusively focus our existing budgets on these issues. We are constantly falling further behind. Funding these projects alone will require $3.2 million.
Critical Legal Liability:	It follows that when work which addresses critical life safety issues is deferred, we create a liability exposure. It is true that all of the available funding is exhausted while not fully addressing urgent issues. Work that is deferred on less urgent projects like: accessibility, ergonomics, and other code issues creates a substantial risk of injury or insult and therefore we are exposed to possible litigation.

Safety and Code Concerns: It also follows that when work which addresses critical life safety issues is deferred, we're not addressing many less urgent safety and code issues. When all of the available funding is exhausted while addressing urgent issues, work that is required for less urgent work, accessibility, ergonomics, and other code issues is not being done and therefore there are many unresolved safety and code issues.

Customer Service - Statewide The condition, suitability, and functionality of DNR facilities is generally poor and hinders work. One of our highest work priorities is transmittal of information and services to the natural resources user public. The poor state of repair significantly hinders delivery of customer services.

Asset Management: To protect the state's capital investment in facilities, we must perform the proper maintenance, repair, and replacement. If this work is done properly, we benefit by having the facility for all of its useful life and work occurs when it is most economical. This does not occur at this time due to underfunded life-cycle costs.

Operating Savings/Efficiencies: Installation of more efficient building systems and enhancing the energy conservation characteristics of buildings will net operating savings. Adequate funding for annual maintenance and repair obligations will result in lower future obligations for more costly deferred repair and replacement.

6-Year Planning: It is recognized that underfunded life-cycle costs have created a "capital iceberg" of deferred costs. This request is a complement to the Department of Administration's Capital Asset Preservation and Replacement Account (CAPRA) request. The DNR has requested funding for a portion of the agency's accumulated deferred obligation, and we are cooperating with the Department of Administration to support their request for the remaining portion. There is a strong tie to statewide long-range planning to diminish the "capital iceberg" of deferred costs.

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):

Funding this request will only begin 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.

OTHER CONSIDERATIONS:

Funding requests for deferred maintenance have many common elements with requests associated with CAPRA. We carefully coordinate this request with the Department of Administration to avoid duplication in our submittal.

This request is specifically focused on doing repair and replacement work which is normally within the expected life of the original building. None of the projects we propose substantially increase the life of the building like we would expect to be the case in rehabilitation projects.

Failure to fund this request will result in further accumulation of deferred maintenance obligations. In addition, maintenance which is deferred is commonly more expensive to repair due to collateral damage to other building components.

Projects qualify for CAPRA if they exceed $25 thousand. We have submitted all projects where cost estimates exceed $25 thousand to the Department of Administration for inclusion in their information base. This is the information which substantiates their CAPRA request on our behalf. Projects which are estimated at less than $25 thousand are the basis for our statewide asset preservation request.

We have removed this subset of all deferred asset preservation projects from both the statewide asset preservation request and our submittal to Department of Administration for CAPRA. We have made every effort to insure that information which is the basis for one request is not duplicated in another.

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AGENCY CAPIT.. BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	10	10	10	30	06/1998	12/1998
Design Development	0	10	10	10	30	06/1998	12/1998
Contract Documents	0	10	10	10	30	06/1998	12/1998
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	30	30	30	90		
4. Project Management						06/1998	12/1998
State Staff Project Management	37	25	25	25	112		
Construction Management	0	0	0	0	0		
SUBTOTAL	37	25	25	25	112		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	75	75	75	225		
Demolition/Decommissioning	0	0	0	0	0		
Construction	1,863	1,350	1,351	1,351	5,915		
Infrastructure/Roads/Utilities	0	500	500	500	1,500		
Hazardous Material Abatement	0	100	100	100	300		
Construction Contingency	0	52	52	52	156		
SUBTOTAL	1,863	2,077	2,078	2,078	8,096		
6. Art SUBTOTAL	0	0	0	0	0		
7. Occupancy							
Furniture, Fixtures and Equipment	0	130	130	130	390	06/1998	09/2000
Telecommunications (voice & data)	0	0	0	0	0		
Security Equipment	0	0	0	0	0		
Commissioning	0	20	20	20	60	06/1998	09/2000
SUBTOTAL	0	150	150	150	450		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$1,900	$2,282	$2,283	$2,283	$8,748		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,900	2,282	2,283	2,283	8,748
State Funds Subtotal	1,900	2,282	2,283	2,283	8,748
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	**1,900**	**2,282**	**2,283**	**2,283**	**8,748**

IMPACT ON STATE OPERATING COSTS	Current	Projected Costs (Without Inflation)			
	FY 1998-99	FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	994	994	994	994	994
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	3,078	3,078	3,078	3,078	3,078
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	4,072	4,072	4,072	4,072	4,072
Revenue Offsets	0	0	0	0	0
TOTAL	**4,072**	**4,072**	**4,072**	**4,072**	**4,072**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
94' Chapter 643, Section 23, Subd. 2	1,400
96' Chapter 463, Section 7, Subd. 2	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	2,282	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

This will allow the agency to reduce its backlog of its deferred maintenance and renewal facilities program.

Department of Finance Analysis:

The 1997 legislature appropriated $500 thousand to DNR as a base adjustment for ongoing CAPRA needs. This funding will help slow the growth of the maintenance backlog, but is not sufficient to reduce the current backlog.

Governor's Recommendation:

The Governor recommends general obligation bonding of $2.282 million for this project. Also included are budget planning estimates of $2.283 million in 2000 and $2.283 million in 2002.

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	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**	**375**

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PROJECT LOCATION: Windom, Tower, and Fergus Falls

AGENCY PROJECT PRIORITY: 2 of 4 (Building Projects)

1998 STATE APPROPRIATION REQUEST: $11,991

PROJECT DESCRIPTION:

This request is for funds to the Department of Natural Resources (DNR) to construct consolidated field operations facilities at Windom, Tower, and Fergus Falls. Funding received for these projects will be used to acquire land, design, and construct facilities to accommodate the collocation of resource management services into consolidated offices. The priority ranking for these projects in the 1998-99 biennium is as follows (in $000):

Agency Projects

1	Windom	$3,196
2	Tower	4,195
3	Fergus Falls	4,600
	Total	$11,991

Interagency Projects

The DNR and the Department of Transportation (MnDOT) are cooperating to construct shared facilities in St. Cloud. The MnDOT capital budget request contains all of the information regarding the facility specifics and estimated costs. Project information is not duplicated in this request. The DNR has had full involvement in the development of this joint proposal and it is ranked as a high priority for funding by both agencies (in $000).

St. Cloud	$ 2,530

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The DNR is the primary state agency concerned with the stewardship of Minnesota's natural resources. Our vision is "*to work with people to manage the state's diverse natural resources for a sustainable quality of life.*" The DNR has endorsed the following goals to implement its vision of sustainability:

1. To maintain, enhance, or restore the health of Minnesota ecosystems so that they can continue to serve environmental, social, and economic purposes.

2. To foster an ethic of natural resource stewardship among all Minnesotans.

We manage our facility assets as the physical context within which our people develop and function as workers. Buildings are a fundamental organizational tool to promote and support the kinds of teamwork that is critical to our long-term success. Most of DNR's current inventory of office work space was planned, designed and constructed thirty and forty years ago. Many facilities we are using to support our operations are overcrowded, occupied for uses that are inappropriate for their designs, in poor repair, in unsuitable locations and are unsafe and unhealthy.

The resource management model at the time the existing facility inventory was constructed focused on smaller work units with a concentration of resource management specialist from the same discipline. These smaller work units worked separately to improve individual resources.

Ecosystem-based management provides a different model. This request provides funds to construct facilities that fit the new resource management model.

Ecosystem-based management requires close cooperation among all resource management interests within an ecosystem. An ecosystem is made up of habitat structure, natural functions, and species composition; it is a geographic entity whose boundaries are defined by watersheds, soil types, the presence of specific flora and fauna, human development, etc.

Within what we now see as ecosystems, the old model had developed a variety of building facilities to support resource specialist working separately to improve individual resources. That model created a series of discipline specific structures, roughly residential in size and in performance.

In the new model we need to design work places that accommodate these key DNR goals:

- To empower employees at each level of DNR with similar authorities so they can work effectively in interdisciplinary teams.
- To enhance the ability of the DNR to meet its resource management goal through a commitment to and respect for a skilled, diverse, motivated, and dynamic work force.
- To ensure the timely, accurate, relevant, and unobstructed flow of information within the DNR in all directions.
- To create opportunities that engage citizens in productive dialogue on natural resource issues and DNR initiatives, and to promote and acknowledge customer and stakeholder input.
- To maintain the DNR's commitment to providing citizens with natural resource information.

Dollars in Thousands ($137,500 = $138 thousand)

These goals demand sophisticated, modern office facilities that provide the physical environment within which the DNR will deliver its programs and services.

Bringing DNR employees together to improve customer service and resource management and to optimize facility operating expenditures is critical to integrated resource management efforts. Collocation of staff in well designed work places is a way to:

- Maximize the potential of professional staff.
- Improve communication among disciplines.
- Provide comprehensive resource management services and information to customers.
- Optimize the effect of facility operating expenditures.

Needs and Planning

The DNR has completed an organizational evaluation which began in July 1992. The specific goal of the evaluation was to recommend how the DNR might realign its physical and operational organization to improve management of the state's natural resources, improve customer access and service, reduce long-term operating expenses and improve integration and teamwork among the DNR disciplines. A number of recommendations resulted.

The central recommendation is a clear identification of the need to construct new facilities to fit a new working model. It has been the department's experience that resource professionals addressing different resource management tasks, are better able to share information, resources and energy when in the same facility. Enhancement of the resource management effort is so significant that collocation of resource management staff into shared facilities has become a principal underpinning of our effort to integrate work and move toward ecosystem-based management. The specific recommendation was to build field offices to house all of the DNR's resource management staff within an ecosystem. The requested appropriation would enable completion of the next set of collocated facilities, moving us closer to our goal.

In the fall of 1994, the results of the evaluation and recommendations were forwarded to the DNR Senior Managers Council and the Commissioner's Office. These recommendations are now one of the goals the department has set to achieve a changed organizational pattern. A pattern more closely aligned with what the DNR must be to meet future resource management needs of Minnesota.

The list of recommended field offices has been prioritized by local teams consisting of staff from regional management, user groups, and support services. These local teams used the department's space allocation guidelines with on-site staffing and operations patterns to quantify facility needs for each recommended field office.

In the winter and spring of 1997 detailed post occupancy evaluations of collocated field offices at Detroit Lakes and Cambridge were compiled. We designed the evaluation to complete the information loop on the design process. We know that this capital investment strategy is vital to the successful application of ecosystem-based management. We needed to learn how well our design solutions did against the measure of our expectations. The results of the evaluations support our expectation that natural resource management is enhanced when facilities support interdisciplinary cooperation and collaboration. However, the results also specifically point to improvements that need to be made in the process of designing and constructing these facilities. From the evaluations we have developed a set of design guidelines which are the basis for this request's physical estimates and cost estimates.

The following is the prioritized list of projects. This list has been developed and prioritized based on a number of factors. The initial identification of potential sites occurred at the area and regional level. Regional management teams and working teams from the areas explored the issues surrounding orientation to work loads, opportunities for community cooperation, opportunities for resource management collaboration, and opportunities to improve or resolve workplace issues.

The work required to develop state wide priorities was done by the DNR's Senior Managers. The factors considered along with the issues brought forward from the regions were relative working conditions, contribution to the department's overall effort to manage natural resources in a collaborative and integrated manner, and community support and interest. The following list is the result of those efforts. However, it must be mentioned that while this list may give some sense of the relative merit of each project, the actual difference between projects based on qualitative measures is minimal. In each case the factors that bring the project to the list are compelling. In the tables below, 1=$1,000.

First Biennium (Const. Midpoint 1/1999 - Inflation 7.70%)

1	Windom	$ 3,196
2	Tower	4,195
3	Fergus Falls	4,600
	Biennial Total	$11,991

Second Biennium (Const. Mid-point 1/2001 - Inflation 17.70%)

4	Warroad	$ 3,127
5	Grand Marais	2,362
6	International Falls	2,167
7	West Metro	1,015
8	Little Falls	2,662
9	Baudette	3,073
10	Hinckley	3,140
	Biennial Total	$17,546

Dollars in Thousands ($137,500 = $138 thousand)

Third Biennium (Const. Mid-point 1/2003 - Inflation 27.70%)

11	Metro Region	$ 2,504
12	Willmar - Spicer	3,742
13	North Metro	987
14	Park Rapids	5,610
15	Eveleth	2,927
16	Brainerd	684
17	Zimmerman	1,910
18	Ortonville	2,277
	Biennial Total	$20,641

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):

This request will result in a net increase in square footage for office and service facilities. It will also increase the department's facility operation and maintenance obligation. Modernized facilities and systems will help ensure, more effective delivery of natural resource programs to the public.

These increased costs will be partially offset by operational efficiencies due to properly configured facilities.

For the department there are costs of building ownership and depreciation which largely take the form of maintenance, repair, replacement and adaptation of facilities as uses, codes or standards change.

PREVIOUS PROJECT FUNDING:

This project category was funded with three previous appropriations.

M.L. 1990, Chap. 610, Sec 20	$1.0 million	Detroit Lakes and Cambridge
M.L. 1992, Chap. 558, Sec 18	$1.7 million	Two Harbors and Aitkin
M.L. 1996, Chap. 463, Sec. 7	$1.8 million	Complete Aitkin, Cambridge, Detroit Lakes and Two Harbors

OTHER CONSIDERATIONS:

If this request is not funded, our progress toward putting workers on the ground who are dedicated to doing the work to maintain, enhance, or restore the health of Minnesota's ecosystems so that they can continue to serve environmental, social, and economic purposes and to foster an ethic of natural resource stewardship among all Minnesotans will be hindered. Employees, in many cases, will continue to work in substandard workplaces and the ongoing physical isolation between resource managers will be unresolved.

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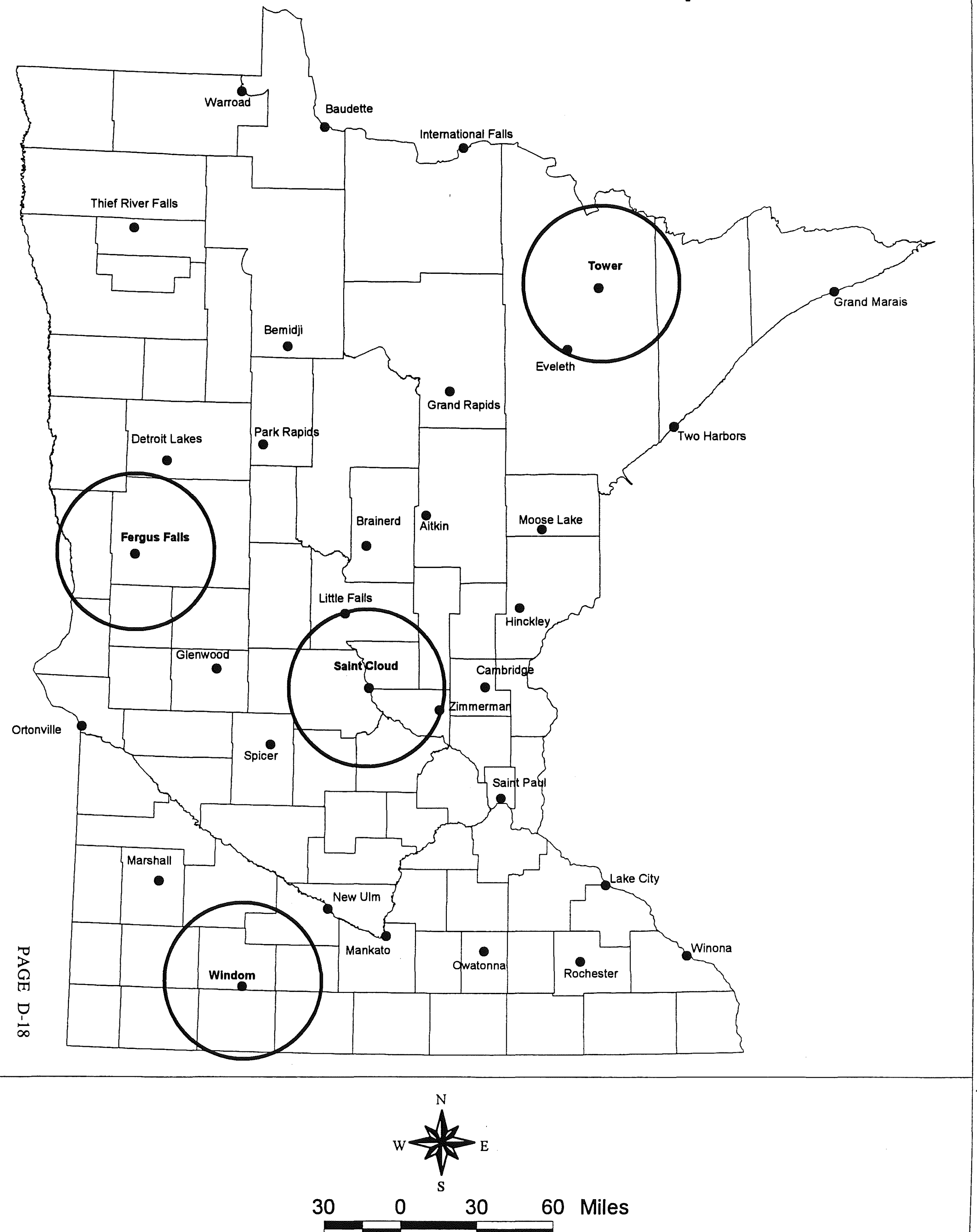
DNR Field Office Development



Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						06/1998	01/1999
Land, Land and Easements, Options	$0	$378	$557	$385	$1,320		
Buildings and Land	0	35	36	30	101		
SUBTOTAL	0	413	593	415	1,421		
2. Predesign SUBTOTAL	60	0	0	0	60	01/1996	10/1997
3. Design Fees							
Schematic	0	112	111	180	403	06/1998	12/1998
Design Development	0	149	304	219	672	12/1998	02/1999
Contract Documents	0	335	334	512	1,181	02/1999	05/1999
Construction Administration	0	149	148	228	525	06/1999	06/2000
SUBTOTAL	0	745	897	1,139	2,781		
4. Project Management						06/1999	06/2000
State Staff Project Management	0	175	290	380	845		
Construction Management	0	0	0	0	0		
Other Costs	0	47	93	64	204		
SUBTOTAL	0	222	383	444	1,049		
5. Construction Costs						06/1999	06/2000
Site & Building Preparation	0	197	200	228	625		
Demolition/Decommissioning	0	8	75	72	155		
Construction	0	6,565	10,062	10,100	26,727		
Infrastructure/Roads/Utilities	0	1,176	713	1,436	3,325		
Hazardous Material Abatement	0	20	0	60	80		
Construction Contingency	0	818	630	801	2,249		
Other Costs	0	0	10	22	32		
SUBTOTAL	0	8,784	11,690	12,719	33,193		
6. Art SUBTOTAL	0	98	113	140	351	04/2000	06/2000
7. Occupancy							
Furniture, Fixtures and Equipment	0	612	787	860	2,259	04/2000	06/2000
Telecommunications (voice & data)	0	211	382	367	960	04/2000	06/2000
Security Equipment	0	0	5	10	15	04/2000	06/2000
Commissioning	0	49	57	70	176	04/2000	06/2000
SUBTOTAL	0	872	1,231	1,307	3,410		
8. Inflation							
Midpoint of Construction		01/1999	01/2001	01/2003			
Inflation Multiplier		7.70%	17.70%	27.70%			
Inflation Cost **SUBTOTAL**		857	2,639	4,477	7,973		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$60	$11,991	$17,546	$20,641	$50,238		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	11,991	17,546	20,641	50,178
General	60	0	0	0	60
State Funds Subtotal	60	11,991	17,546	20,641	50,238
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	**60**	**11,991**	**17,546**	**20,641**	**50,238**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	340	421	432	447	447
Other Program Related Expenses	111	117	122	129	129
Building Operating Expenses	892	823	848	886	886
State-Owned Lease Expenses	16	0	0	0	0
Nonstate-Owned Lease Expenses	111	59	60	62	62
Expenditure Subtotal	1,470	1,420	1,462	1,524	1,524
Revenue Offsets	0	0	0	0	0
TOTAL	**1,470**	**1,420**	**1,462**	**1,524**	**1,524**
Change from Current FY 1998-99		<50>	<8>	54	54
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
97' Chapter 216, Section 5, Subd. 9 (Operating Budget)	35
95' Chapter 220, Section 5, Subd. 9 (Operating Budget)	25

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	11,991	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 (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
Yes	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
Yes	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

Predesign for this request has received a positive recommendation.

Department of Finance Analysis:

In the 1996 request, this project was part of the $18,572 million 'Field Office Consolidation-New' project, which included DNR-only consolidations as well as consolidations with other agencies.

Governor's Recommendation:

The Governor recommends general obligation bonding of $11.991 million for this project. Also included are budget planning estimates of $17.546 million in 2000 and $20.641 million in 2002.

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	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**	**285**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 3 of 4 (Building Projects)

1998 STATE APPROPRIATION REQUEST: $4,620

PROJECT DESCRIPTION:

The following project summary outlines what type of facilities are proposed to be rehabilitated with the 1998 appropriation request and the impact this will have on the park system. This request is to rehabilitate the park system's highest priority buildings. Most of these structures are Civilian Conservation Corps (CCC)/Work Progress Administration (WPA) structures which were built in the 1930s. This rehabilitation extends the life of historically significant structures and eliminates building code violations.

- $1.055 million for the rehabilitation of visitor contact/orientation stations in 7 state parks. These facilities are used for fee collection and visitor orientation. Existing facilities are not Americans With Disabilities Act (ADA) accessible and are not in compliance with existing building codes. Rehabilitation work will include new toilet fixtures, wall and floor finishes, exterior siding, windows and roofs, and weatherization where needed. Some structures will be replaced. Utility systems will also be upgraded.

- $1.565 million for the rehabilitation of shower/toilet facilities in 8 state parks. These facilities are needed to provide minimal sanitation services to campers and day users. Existing facilities are not ADA accessible and do not meet health and building codes. Work will include new toilet fixtures, wall and floor finishes, exterior siding, windows and roofs, handicapped accessibility, and upgrading of utility systems. Project also includes vault toilet replacement statewide.

- $340 thousand for the major rehabilitation of CCC/WPA and other historic buildings in 2 state parks. Work will include log restoration, roof replacement, new fixtures, and complete restoration of utility systems.

- $300 thousand for the rehabilitation of the existing visitor center at Mille Lacs Kathio State Park. This facility was constructed in the 1960s and is used extensively by day users and school groups. The facility is not ADA accessible, is poorly insulated, and in need of extensive rehabilitation. Work will include handicapped accessibility, new toilet fixtures, wall finishes, siding and roof and major weatherization.

- $360 thousand for the removal of old storage buildings at Interstate State Park and the rehabilitation of storage facilities at 4 state parks. These structures are in very poor condition and ready to collapse. This project affects visitor safety.

- $1.0 million for the removal and replacement of the Nicollet Court Motel unit at Itasca State Park. This facility was constructed in the 1920s, extensively remodeled in the 1950s, and is in very poor condition. Rooms are not ADA accessible and plumbing and wiring are not up to code. Existing rooms are very small and are not in compliance with state codes.

These are typical state park facilities usually designed by the Department of Natural Resources' (DNR) Bureau of Engineering. Typical plans and specifications for these structures are available to satisfy the predesign requirements.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The Minnesota State Park System is one of the oldest in the nation. The visiting public has historically expected clean, well kept and safe facilities to use and enjoy. Along with these facilities, visitors have experienced outstanding public service. If these expectations are to be met in the future, additional service and public use facilities will need to be added and improved.

The state park system hosts approximately 8 million visitors each year. These visitations amount to more than 1,750,000 vehicles utilizing roads and parking lots, over 825,000 overnight guests, and approximately 7 million day visitors. These visitors use toilet/shower buildings, shelters, interpretive centers, contact stations, trail centers, and group camp buildings that are old and in need of major rehabilitation. The facilities are not ADA accessible and, in most cases, are not in Health, Occupational Safety and Health Administration, and building code compliance.

The state park system contains more than 1,200 buildings of which over 500 are historic structures and many are listed on the National Historic Register. These structures represent a nationally significant cultural resource and include some of the finest examples of CCC/WPA construction in the nation.

If these structures are allowed to deteriorate, Minnesota will lose an outstanding cultural resource as well as a unique style of architecture. These stone and log structures are a part of our heritage and cannot be replaced. Work on these historic structures includes log replacement, stone tuck pointing, improved accessibility, upgrading obsolete electric and sewer systems, roof replacement, and improved weatherization. These projects will reduce future operational costs by improving efficiencies of operation. Projects initiated now will eliminate costly repairs in the future.

The state park system is made up of 67 park and recreation areas. The projects included in this request are located in various park and recreation areas across the state. A detailed list of projects is available. These projects will benefit citizens from across the state due to the statewide distribution of state parks.

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the 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 by addressing the demand for outdoor recreation and the need to reduce the level of deferred maintenance work and move toward asset management.

The long-range goal is to rehabilitate all the CCC/WPA structures in the state park system. Since these structures represent the major physical plant in most of the state park system, they are desperately needed to fulfill the state park mission. The no-build alternative would mean the loss of many of these historic CCC/WPA structures.

The Parks and Recreation Division currently budgets approximately $300 thousand annually in operation dollars for minor building and non-building structure rehabilitation. This funding does not begin to address the system's needs. If $1.5 million was available annually for building rehabilitation, long-term needs could be met. These state park structures are too valuable to consider the no-build option. Most of these structures are also on the National Historic Register.

PREVIOUS PROJECT FUNDING

Appropriations made during the last 6 years for state park building rehabilitation have included the amounts and sources listed below (in $000):

M.L. 1992, Chapter 558	$2,751	Bonding
M.L. 1993, Chapter 172	$3,000	Trust Fund
M.L. 1994, Chapter 632	$650	Trust Fund
M.L. 1994, Chapter 643	$2,000	Bonding
M.L. 1996, Chapter 463	$2,400	Bonding
M.L. 1997, Chapter 216	$500	General Fund
Total	$11,301	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This project will not result in a reduction to the agency's operating budget. However, maintenance costs for the facilities affected by these projects will be reduced. Cost savings will be used to help offset future inflationary costs.

OTHER CONSIDERATIONS:

We must continue to upgrade our existing statewide facilities to meet growing user demand. Failure to upgrade these facilities will mean higher costs in the future.

The projects scheduled for completion with this funding are prioritized through a rating system involving field and regional management and represents the most urgent needs currently identified by the park system. Delay in construction will mean higher future costs. If no action is taken, the facilities will become beyond repair.

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

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	5	5	5	5	20	03/1997	09/1997
3. Design Fees							
Schematic	100	20	20	20	160	07/1997	06/1999
Design Development	200	50	50	50	350	07/1997	06/1999
Contract Documents	310	85	85	85	565	07/1997	06/2000
Construction Administration	180	40	40	40	300	07/1997	06/2000
SUBTOTAL	790	195	195	195	1,375		
4. Project Management						07/1997	06/2000
State Staff Project Management	800	200	200	200	1,400		
Construction Management	0	0	0	0	0		
SUBTOTAL	800	200	200	200	1,400		
5. Construction Costs						08/1998	12/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	9,706	4,220	2,600	2,600	19,126		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	9,706	4,220	2,600	2,600	19,126		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$11,301	$4,620	$3,000	$3,000	$21,921		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	7,151	4,620	3,000	3,000	17,771
General	500	0	0	0	500
Env & Natural Resoures	3,650	0	0	0	3,650
State Funds Subtotal	11,301	4,620	3,000	3,000	21,921
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	**11,301**	**4,620**	**3,000**	**3,000**	**21,921**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	600	600	600	600	600
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	600	600	600	600	600
Revenue Offsets	0	0	0	0	0
TOTAL	**600**	**600**	**600**	**600**	**600**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
93' Chapter 172, Section 14, Subd. 10 (a)	3,000
92' Chapter 558, Section 18, Subd. 5	2,751
96' Chapter 463, Section 7, Subd. 5	2,400
94' Chapter 643, Section 23, Subd. 4	2,000
94' Chapter 632, Section 6	650
97' Chapter 216, Section 5, Subd. 5	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	4,620	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 (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
Yes	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

A predesign document is in the process of being developed; and a recommendation will be issued upon completion.

Department of Finance Analysis:

DNR was appropriated $500 thousand for the 98-99 biennium ($250 each year) for repair and maintenance of buildings. The appropriation was for all agency buildings. It was not dedicated to parks.

Governor's Recommendation:

The Governor recommends general obligation bonding of $4.62 million for this project. Also included are budget planning estimates of $3 million in 2000 and $3 million in 2002.

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	50
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**	**420**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 4 of 4 (Building Projects)

1998 STATE APPROPRIATION REQUEST: $5,895

PROJECT DESCRIPTION:

This project is for $5.535 million in bonding for the State Park Building Development Program and $360 thousand from the general fund for new facility operations.

The following project summary outlines the facilities proposed to be built with the 1998 appropriation request and the impact this will have on the park system. This request will complete the development of the highest priority facilities.

- $4.25 million for the development of a visitor center at Itasca State Park. This project would provide a major visitor center at Minnesota's most popular state park. The Center would also include the park administrative offices and associated parking and utilities.
- $75 thousand for the construction of camper cabins in various state parks. These facilities would provide additional camping opportunities, especially for single-parent families.
- $250 thousand for shower/toilet facilities in state parks. These facilities are needed to provide minimal sanitation services to campers. These facilities are also used as storm shelters in the campgrounds; existing facilities do not meet Americans with Disabilities Act (ADA) standards, building or health codes.
- $260 thousand for artifact/storage building at 1 state park. Valuable state artifacts are currently stored in an unsecured structure.
- $700 thousand for the construction of a visitor center at Mystery Cave in Forestville State Park. No staging or orientation facility is currently available for public use prior to attending a cave tour.
- $360 thousand for the operation of new state park facilities proposed for construction with this request. This amount is requested from the general fund.

These are typical state park facilities usually designed by the Department of Natural Resources' (DNR) Bureau of Engineering. Typical plans and specifications for these structures are available to satisfy the predesign requirements.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The Minnesota State Park system is one of the oldest in the nation. The visiting public has historically expected clean, well kept and safe facilities to use and enjoy. Along with these facilities visitors have experienced outstanding public service. If these expectations are to be met in the future, additional service and public use facilities will need to be added and improved.

The state park system hosts approximately 8 million visitors each year. These visitations amount to more than 1,750,000 vehicles utilizing roads and parking lots, over 825,000 overnight guests, and approximately 7 million day visitors. Many parks currently have inadequate facilities, no showers available at campgrounds, no facilities to interpret the unique park resources, and no service or office facilities. Also, many existing facilities are not ADA accessible and are not in compliance with existing building codes. Adding these proposed facilities will greatly improve customer service by providing basic services expected at a Minnesota state park.

The state park system is made up of 67 park and recreation areas. The projects included in this request are located in various parks across the state. A detailed list of projects is available. These projects will benefit citizens from across the state due to the statewide distribution of state parks.

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the 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 by addressing the demand for outdoor recreation opportunities and environmental education.

The long-range goal of the state park development program is to construct all the new facilities identified in the state park management plans. This will ensure the availability of recreational facilities for a growing population and user demand. Developing these facilities will enable the park system to better meet its goals of protecting resources and providing quality recreation.

These projects are, in most cases, replacing old facilities that are beyond repair. No-build alternatives will not serve the clientele currently using these parks. The location of these facilities must be in the campgrounds, service areas, and entrances to parks where the customer is currently serviced.

The General Fund request for new park facilities includes funds for building maintenance and operations.

While funding for these projects was received in the 1996 bonding bill and 1997 trust fund appropriation, many projects on the department's long-range needs list remain unfunded.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes an investment of $360 thousand from the general fund in each of the next two biennia for the operation of new state park facilities provided for in this initiative.

PREVIOUS PROJECT FUNDING

Appropriations made during the last 6 years for state park building development have included the amounts and sources listed below (in $000):

M.L. 1994, Chapter 643	$1,000	Bonding
M.L. 1995, Chapter 220	$ 880	Trust Fund
M.L. 1996, Chapter 463	$1,750	Bonding
M.L. 1997, Chapter 216	$1,000	Trust Fund
TOTAL	$4,630	

Historically these state park building development funds have been spent within 2 years from the time of appropriation.

OTHER CONSIDERATIONS:

Building facilities in the state park system must continually be improved in order to meet growing user demand. Delay in construction will mean higher future costs. If no action is taken, customer service will decline and existing facilities will continue to deteriorate.

The projects scheduled for completion with this funding are prioritized through a rating system involving field and regional management and represents the most urgent needs currently identified by the park system.

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

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Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	5	5	5	5	20	03/1997	07/1997
3. Design Fees							
Schematic	20	20	20	20	80	07/1997	12/1998
Design Development	60	60	60	60	240	07/1997	12/1998
Contract Documents	100	100	100	100	400	07/1997	06/2000
Construction Administration	40	40	40	40	160	07/1997	06/2000
SUBTOTAL	220	220	220	220	880		
4. Project Management						07/1997	06/2000
State Staff Project Management	275	635	275	275	1,460		
Construction Management	0	0	0	0	0		
SUBTOTAL	275	635	275	275	1,460		
5. Construction Costs						08/1998	06/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	4,130	5,035	4,000	4,000	17,165		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	4,130	5,035	4,000	4,000	17,165		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$4,630	$5,895	$4,500	$4,500	$19,525		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,750	5,535	4,500	4,500	17,285
General Fund Projects	0	360	0	0	360
Env & Natural Resoures	1,880	0	0	0	1,880
State Funds Subtotal	4,630	5,895	4,500	4,500	19,525
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	**4,630**	**5,895**	**4,500**	**4,500**	**19,525**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	360	360	360	360
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	3,790	3,790	3,790	3,790	3,790
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	3,790	4,150	4,150	4,150	4,150
Revenue Offsets	0	0	0	0	0
TOTAL	**3,790**	**4,150**	**4,150**	**4,150**	**4,150**
Change from Current FY 1998-99		360	360	360	360
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
96' Chapter 463, Section 7, Subd. 6	1,750
94' Chapter 643, Section 23, Subd. 5	1,000
97' Chapter 216, Section 15, Subd. 4 (a)	1,000
95' Chapter 220, Section 19, Subd. 4 (b)	880

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	5,535	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 (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
Yes	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

A predesign document is in the process of being developed; and a recommendation will be issued upon completion.

Department of Finance Analysis:

In prior capital budgets this project was funded as follows:
96 - $1,750
94 - $1,000

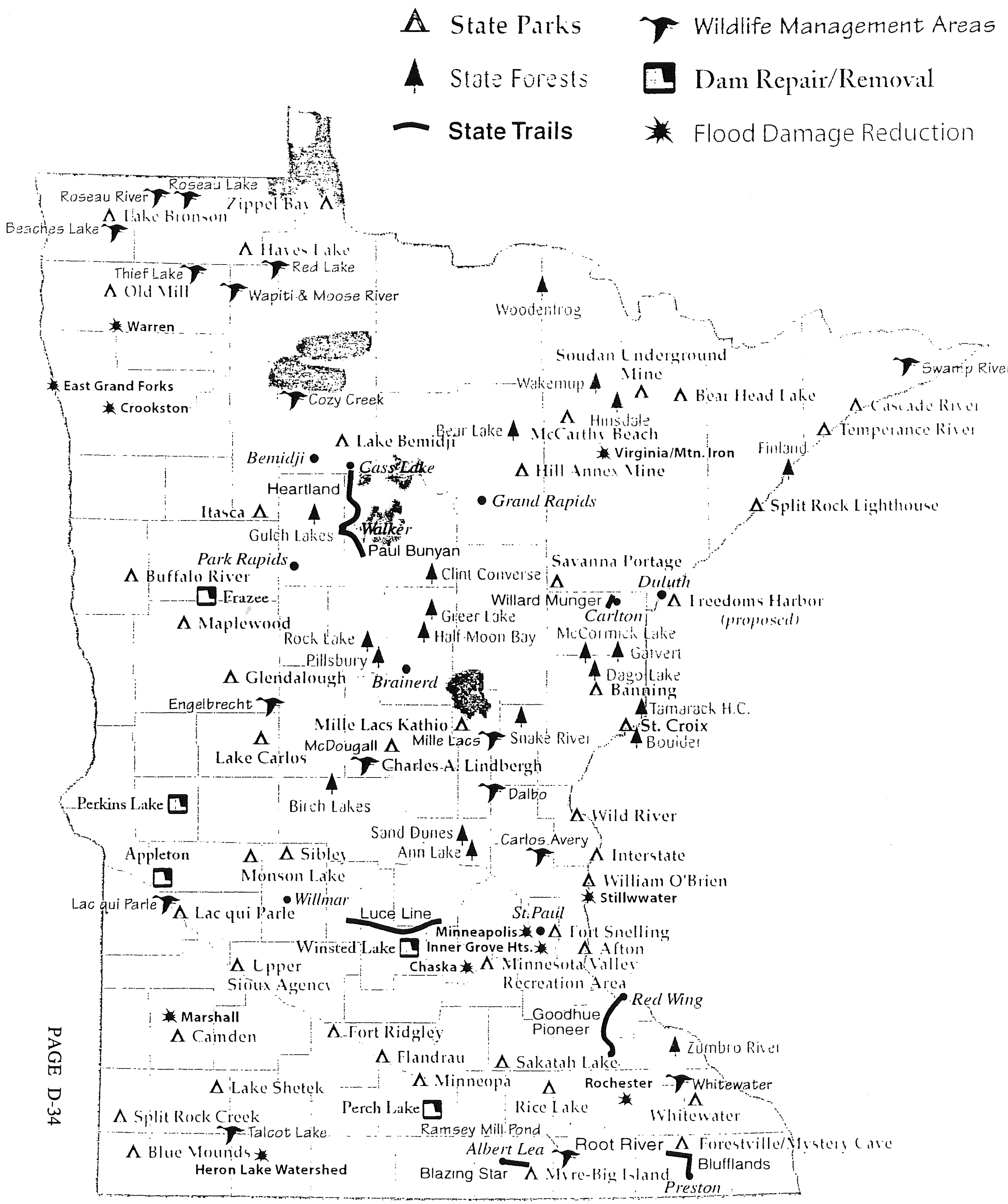
The '97 legislature also appropriated $1.3 million for the biennium for state park development projects (Chap 216, Subd. 5).

Governor's Recommendation:

The Governor recommends general obligation bonding of $5.535 million and a general fund appropriation of $360 thousand for this project. Also included are budget planning estimates of $4.50 million in 2000 and $4.50 million in 2002.

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	50
TOTAL	**700 Maximum**	**225**

1998 Capital Budget Request Project Locations



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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 1 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $2,935

PROJECT DESCRIPTION:

This request for state park and recreation area betterment rehabilitation is for $2.935 million to initiate major rehabilitation of non-building facilities such as campsite improvements, trail surfacing, road repair and surfacing, parking area upgrading, and modification and upgrading of utility systems. Also included in this program are resource management improvements such as erosion control, lakeshore stabilization, and prairie restoration.

Projects included in this request are as follows:

- $200 thousand for interpretive facility rehabilitation projects in 8 state parks. This will greatly improve outdoor education at these parks. Work will include improving handicapped accessibility.

- $1.16 million for trail rehabilitation projects in 7 state parks. This project will greatly improve trail accessibility and replace a major trail link between the cities of Chaska and Jordan. Existing trails are hazardous with many improvements needed.

- $600 thousand for resource management projects in 7 state parks. These projects include old field restoration, tree planting, erosion control, and prairie restoration. Long-term restoration will reduce maintenance costs. Resource management work will maintain the state park system for the very reason it was created in the first place: to protect Minnesota's unique resources.

- $250 thousand for picnic area and campground improvements in 2 state parks. These projects will reduce resource degradation and eliminate safety problems. Work will include bringing water and sewer systems up to code compliance, erosion control, and road and campground spur rehabilitation.

- $290 thousand for road rehabilitation and bridge work throughout the entire park system. These projects will eliminate road hazards and reduce operating costs. Work will include bridge and culvert replacements and road surfacing.

- $265 thousand for utility upgrades in parks throughout the state park system. These projects will bring existing electrical, sewer, and water systems into code compliance.

- $170 thousand for Soudan Underground Mine State Park rehabilitation. This project will rehabilitate existing park buildings and other mine facilities.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The state park and recreation area water, timber, and soil resources, along with the recreational infrastructure such as campgrounds, picnic areas, trail systems, roads, dams, and bridges, must be preserved and, in some cases, rehabilitated to assure the future of the park system.

The state has a tremendous investment in existing facilities. These facilities are used by more than 8 million visitors each year. Enabling legislation that created the park system directs the state to preserve parks for the use and enjoyment of future generations.

The state park system is made up of 67 parks and recreation areas. The projects included in this request are located in various parks across the state. A detailed list of projects is available. These projects will benefit citizens across the state due to the statewide distribution of state parks.

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. The department's capital budget plan identifies priority actions and the associated projects where capital investment can contribute to achieving the major goals of the strategic plan. This project request supports these goals. The relationship between the strategic plan and the capital budget plan is further described in the Strategic Planning Summary narrative located in the front of this budget document.

The long-range goal is to initiate and complete the identified $21 million in resource and rehabilitation projects over the next 14 years. This request will continue that goal. The very nature of these projects preclude the work being accomplished primarily in the spring and fall during low public-use periods.

The alternative of doing nothing will have a significant negative impact on the unique natural and cultural resources of the state park system. Likewise, the neglect of campgrounds, picnic areas, roads, bridges, and other support facilities will reduce public service and create an ever-increasing backlog of projects to complete.

The Division of Parks and Recreation currently budgets approximately $300 thousand annually in operation dollars for facility rehabilitation. This funding does not begin to address the system needs. If $1.5 million was available annually for non-building rehabilitation and resource management, long-term needs could be met. Projects in this request are for the first biennium.

These projects are needed to maintain even basic customer service. No-build alternatives will deprive state park users of the most basic opportunities to enjoy their outdoor recreation experience.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

These rehabilitation and resource projects will result in future operating savings by improving efficiencies of operation. However, it will not result in a reduction to the agency's operating budget. Projects initiated now will also eliminate more costly repairs in the future.

PREVIOUS PROJECT FUNDING

Appropriations made during the last 6 years for state park non-building betterment have included the amounts and sources listed below (in $000):

M.L. 1994, Chapter 643	$1,250	Bonding
M.L. 1995, Chapter 220	$1,400	Trust Fund
M.L. 1996, Chapter 463	$1,450	Bonding
Total	$4,100	

Historically these funds have been spent within two years from the time of appropriation.

OTHER CONSIDERATIONS:

We must continue to upgrade existing facilities. Delays in rehabilitation of these facilities means much higher future costs. No action taken at this time will have a severe negative impact on public service.

The projects scheduled for completion with this funding are prioritized through a rating system involving field and regional management and represent the most urgent needs currently identified by the park system.

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

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AGENCY CAPIT.. .BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	535	383	390	390	1,698		
Construction Management	0	0	0	0	0		
SUBTOTAL	535	383	390	390	1,698		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	3,565	2,552	2,610	2,610	11,337		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	3,565	2,552	2,610	2,610	11,337		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$4,100	$2,935	$3,000	$3,000	$13,035		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,700	2,935	3,000	3,000	11,635
Env & Natural Resoures	1,400	0	0	0	1,400
State Funds Subtotal	4,100	2,935	3,000	3,000	13,035
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	**4,100**	**2,935**	**3,000**	**3,000**	**13,035**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	600	600	600	600	600
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	600	600	600	600	600
Revenue Offsets	0	0	0	0	0
TOTAL	**600**	**600**	**600**	**600**	**600**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
96' Chapter 463, Section 7, Subd. 7	1,450
95' Chapter 220, Section 19, Subd. 4 (b)	1,400
94' Chapter 643, Section 23, Subd. 11	1,250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	2,935	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

Funding in the '96 capital budget was $1,450. The '94 budget awarded $1,250.

Governor's Recommendation:

The Governor recommends general obligation bonding of $2.935 million for this project. Also included are budget planning estimates of $3 million in 2000 and $3 million in 2002.

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	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	0
Contained in State Six-Year Planning Estimates	0/25/50	50
TOTAL	**700 Maximum**	**505**

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PROJECT LOCATION: Statewide on State-Owned Land

AGENCY PROJECT PRIORITY: 2 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $476

PROJECT DESCRIPTION:

This request is for $476 thousand from the General Fund for well sealing and 3 positions and related expenses for the third biennium of a 4-biennium plan to seal all inactive wells on state land. In the 1998-99 biennium, it is estimated that over 500 sites will be inspected and 200 wells sealed at a total cost of $476 thousand. In the fourth biennium, the remaining sites totaling approximately 300 wells will be investigated and sealed for a cost of $542 thousand.

It is estimated that over a period of 4 biennia all known inactive wells will be sealed and unknown inactive wells will be located and properly sealed. The 3 staff positions will conduct site searches, do contract administration, and well sealing inspections. The remaining biennial breakdowns are as follows (in $000):

F.Y. 1998-99

• Approximately 200 wells sealed @ approximately $1/well	=	$200
• 3 staff (3 Hydrologist 1's each @ $36/year with fringe)	=	216
• Expenses and other support (vehicles, travel, equipment)	=	60
Total		$476

F.Y. 2000-01

• Approximately 300 wells sealed @ approximately $1/well	=	$300
• 3 staff (3 Hydrologist 1's each @ $36/year with fringe	=	189
• Expenses and other support (vehicles, travel, equipment)	=	53
Total		$542

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

In M.S. 103I the commissioner is directed to inventory wells on state property (of which the Department of Natural Resources (DNR) owns about 95%) and to prepare a plan and an appropriation request to seal the inactive wells. This program addresses land and wells acquired prior to the 1989 legislative mandate to seal inactive wells on state-owned land. Wells on all newly acquired land are sealed as part of the development process.

The DNR has launched a departmentwide effort to locate and seal unused wells. Until those wells are sealed, the department is not in compliance with state law. The systematic search allows for highest priority wells to be sealed first (those with greatest potential to introduce contamination into the subsurface).

As of June 1997, our investigations have found a total of 626 wells that are required to be sealed and 1,455 former dwelling sites that need to be investigated. As our investigations continue, it is expected that the number of sites and wells will increase. Currently, 349 of these inactive wells have been sealed or are under contract to be sealed. Inspections have been completed on 416 of the known 1,455 former dwelling sites.

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. The department's capital budget plan identifies priority actions and the associated projects where capital investment can contribute to achieving the major goals of the strategic plan. This project request supports these goals. The relationship between the strategic plan and the capital budget plan is further described in the Strategic Planning Summary narrative located in the front of this budget document.

The Well Sealing Program is mandated by 1989 groundwater legislation and directly addresses public health and safety. Legislative policy in M.S. 103H emphasizes prevention of groundwater contamination. Specifically, M.S. 103I requires owners of unused wells to seal them to prevent groundwater contamination.

PREVIOUS PROJECT FUNDING (In $000):

M.L. 1992, Chapter 558	$250	Bonding
M.L. 1994, Chapter 643	$224	Bonding
M.L. 1994, Chapter 643	$276	General Fund
M.L. 1996, Chapter 463	$420	Bonding
M.L. 1996, Chapter 463	$276	General Fund
Total	$1,446	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes $276 thousand from the General Fund/General Projects (110 Fund) for 3 positions and related expenses to support this program.

OTHER CONSIDERATIONS:

If no further action is taken, the department may be liable for costs of groundwater cleanup; we are currently not in compliance with state law or rules until all inactive wells on department land are properly sealed. We could be exposed to much greater costs by not continuing to locate and seal these wells.

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

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AGENCY CAPIT… BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	552	276	242	0	1,070		
Construction Management	0	0	0	0	0		
SUBTOTAL	552	276	242	0	1,070		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	894	200	300	0	1,394		
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		
SUBTOTAL	894	200	300	0	1,394		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$1,446	$476	$542	$0	$2,464		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
General Fund Projects	552	476	542	0	1,570
State Funds Subtotal	552	476	542	0	1,570
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	**552**	**476**	**542**	**0**	**1,570**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
96' Chapter 463, Section 7, Subd. 15	696
94' Chapter 643, Section 23, Subd. 12	500
92' Chapter 558, Section 18, Subd. 12	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of costs and assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends a general fund appropriation of $476 thousand for this project. Also included is a budget planning estimate of $542 thousand in 2000.

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	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**	**465**

PROJECT LOCATION: Statewide on State-Owned Land

AGENCY PROJECT PRIORITY: 2 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $476

PROJECT DESCRIPTION:

This request is for $476 thousand from the General Fund for well sealing and 3 positions and related expenses for the third biennium of a 4-biennium plan to seal all inactive wells on state land. In the 1998-99 biennium, it is estimated that over 500 sites will be inspected and 200 wells sealed at a total cost of $476 thousand. In the fourth biennium, the remaining sites totaling approximately 300 wells will be investigated and sealed for a cost of $542 thousand.

It is estimated that over a period of 4 biennia all known inactive wells will be sealed and unknown inactive wells will be located and properly sealed. The 3 staff positions will conduct site searches, do contract administration, and well sealing inspections. The remaining biennial breakdowns are as follows (in $000):

F.Y. 1998-99

• Approximately 200 wells sealed @ approximately $1/well	=	$200
• 3 staff (3 Hydrologist 1's each @ $36/year with fringe)	=	216
• Expenses and other support (vehicles, travel, equipment)	=	60
Total		$476

F.Y. 2000-01

• Approximately 300 wells sealed @ approximately $1/well	=	$300
• 3 staff (3 Hydrologist 1's each @ $36/year with fringe	=	189
• Expenses and other support (vehicles, travel, equipment)	=	53
Total		$542

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

In M.S. 103I the commissioner is directed to inventory wells on state property (of which the Department of Natural Resources (DNR) owns about 95%) and to prepare a plan and an appropriation request to seal the inactive wells. This program addresses land and wells acquired prior to the 1989 legislative mandate to seal inactive wells on state-owned land. Wells on all newly acquired land are sealed as part of the development process.

The DNR has launched a departmentwide effort to locate and seal unused wells. Until those wells are sealed, the department is not in compliance with state law. The systematic search allows for highest priority wells to be sealed first (those with greatest potential to introduce contamination into the subsurface).

As of June 1997, our investigations have found a total of 626 wells that are required to be sealed and 1,455 former dwelling sites that need to be investigated. As our investigations continue, it is expected that the number of sites and wells will increase. Currently, 349 of these inactive wells have been sealed or are under contract to be sealed. Inspections have been completed on 416 of the known 1,455 former dwelling sites.

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. The department's capital budget plan identifies priority actions and the associated projects where capital investment can contribute to achieving the major goals of the strategic plan. This project request supports these goals. The relationship between the strategic plan and the capital budget plan is further described in the Strategic Planning Summary narrative located in the front of this budget document.

The Well Sealing Program is mandated by 1989 groundwater legislation and directly addresses public health and safety. Legislative policy in M.S. 103H emphasizes prevention of groundwater contamination. Specifically, M.S. 103I requires owners of unused wells to seal them to prevent groundwater contamination.

PREVIOUS PROJECT FUNDING (In $000):

M.L. 1992, Chapter 558	$250	Bonding
M.L. 1994, Chapter 643	$224	Bonding
M.L. 1994, Chapter 643	$276	General Fund
M.L. 1996, Chapter 463	$420	Bonding
M.L. 1996, Chapter 463	$276	General Fund
Total	$1,446	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes $276 thousand from the General Fund/General Projects (110 Fund) for 3 positions and related expenses to support this program.

OTHER CONSIDERATIONS:

If no further action is taken, the department may be liable for costs of groundwater cleanup; we are currently not in compliance with state law or rules until all inactive wells on department land are properly sealed. We could be exposed to much greater costs by not continuing to locate and seal these wells.

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

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	552	276	242	0	1,070		
Construction Management	0	0	0	0	0		
SUBTOTAL	552	276	242	0	1,070		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	894	200	300	0	1,394		
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		
SUBTOTAL	894	200	300	0	1,394		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$1,446	$476	$542	$0	$2,464		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	894	0	0	0	894
General Fund Projects	552	476	542	0	1,570
State Funds Subtotal	1,446	476	542	0	2,464
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	**1,446**	**476**	**542**	**0**	**2,464**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
96' Chapter 463, Section 7, Subd. 15	696
94' Chapter 643, Section 23, Subd. 12	500
92' Chapter 558, Section 18, Subd. 12	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of costs and assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends a general fund appropriation of $476 thousand for this project. Also included is a budget planning estimate of $542 thousand in 2000.

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	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**	**465**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 3 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,000

PROJECT DESCRIPTION:

This request includes funding for emergency dam repairs, 4 small projects (under $250 thousand), and one large project (over $250 thousand). The commissioner is directed in M.S. 103G to ensure the safety of dams. M.S. 103G.511 also provides for a state matching grant program to local governments that own dams. The commissioner may make grants to political subdivisions for dam repair and reconstruction projects up to the amount of local contribution. There are over 800 dams owned by the state, cities, counties, and watershed districts. Most of these dams are over 50 years old and require ongoing maintenance and repair to preserve their structural integrity and prevent public safety hazards. Emergency repairs must be done when partial or complete dam failures occur in order to protect public safety and prevent additional property damages. The statute (Section 103G.515, Subd. 5) also provides for the state to pay the entire cost of removing dams owned by local governments or individuals which present significant public safety hazards or prevent restoration of important fishery resources. The ability to provide full state funding is an important incentive for removal of detrimental river dams.

- Emergency Dam Repair ($100 thousand)

  Ten percent of the amount requested for the 1998 session would be reserved for emergency work. The Department of Natural Resources (DNR) must respond to emergencies immediately to prevent failures and protect adjoining properties when partial failures occur. Emergencies are most often caused by extreme runoff events, such as the record 1997 spring floods along the Upper Minnesota River and Red River of the North. Any emergency funds remaining when the legislature completes action on the 2000 bonding bill would be used to begin work on additional high-priority projects.

- Small Dam Projects ($600 thousand)

  This would provide funds for 4 small dam projects varying in cost from $20 thousand to $230 thousand to maintain lake levels or reservoirs on streams. All projects are 100% state funded. The city of Frazee supports the removal project and is ready to proceed. Projects planned for the first biennium include the following (in $000):

Site/County	Owner	Proposed Work	State Share
Winsted Lake/ McLeod	DNR	Reconstruct	$230
Frazee Dam/ Becker	City of Frazee	Removal	220
Perkins Lake/ Stevens	DNR	Repair	130
Perch Lake/ Blue Earth	DNR	Reconstruct	20
TOTAL			**$600**

- Large Dam Repairs ($300 thousand)

  Individual projects that exceed $250 thousand in state share costs are required to have specific legislative action (M.S. 103G.511, Subd. 9).

  - Appleton Dam Removal ($300 thousand grant)

    This will fund a grant to the city for removal of a partially failed 12-foot high mill pond dam located on the Pomme de Terre River in Swift County. The removal will improve safety, eliminate an infrastructure liability, and improve the fishery resource. The city received a $50 thousand dam safety grant in 1997 for the engineering phase of the project. The city is in total support of this project.

  - Blue Earth County has been investigating options for the future management of the Rapidam Dam on the Blue Earth River. The DNR has encouraged Blue Earth County to fully consider the option of removing the dam. The county may seek state funding for a comprehensive feasibility study of the dam removal option.

- Deferred Projects

  At the one million dollar funding level for this request, a number of other dam repair, removal or modification projects will be deferred. Projects on the statewide priority list that will be deferred are listed in priority order as follows (in $000):

Site/County	Owner	Proposed Work	State Share
Sauk Centre Dam/ Stearns	City of Sauk Center	Repair	190
Pomme de Terre Lake/ Grant	DNR	Repair	60
Hill Annex Tailings/ Itasca	DNR	Breach	50
Mazeppa Dam/ Wabasha	City of Mazeppa	Removal	330
Upper Hunt Lake/ Douglas	DNR	Reconstruct	60

Fish Hook Lake/ Hubbard	City of Park Rapids	Modifications	100
Prairie Lake/ Otter Tail	DNR	Repair	50
Blue Mound Park/ Rock	DNR	Repair	30
Little Waverly Lake/ Wright	DNR	Repair	40
Straight River Dam/ Rice	State	Removal	80
St. Croix Park/ Pine	DNR	Engineering	30
Loon Lake/ Jackson	DNR	Reconstruct	50
TOTAL			**$1,070**

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

This request is part of a long-term ongoing program to maintain Minnesota's public dams, which are a vital part of the state's public infrastructure. These dams control water levels on many significant lakes and rivers providing benefits to tourism, recreation, fishing, wildlife, water supply, and the state's economy. For example, Mille Lacs, Minnetonka, and Ottertail Lakes all depend on dams to maintain their water levels and consequently their surrounding property values. Proper maintenance prevents dam failures and reduces long-term repair costs. Funding is also needed to remove dams where they no longer provide significant public benefits and rehabilitation would not be cost effective. Existing general operating budgets do not include funding to maintain the infrastructure of public dams.

The department's strategic plan report, *Directions for Natural Resources 1997,* outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. The department's capital budget plan identifies priority actions and the associated projects where capital investment can contribute to achieving the major goals of the strategic plan. This project request supports these goals. The relationship between the strategic plan and the capital budget plan is further discussed in the Strategic Planning Summary narrative located in the front of this budget document.

PREVIOUS PROJECT FUNDING:

Repairing and maintaining Minnesota's infrastructure of public dams is a continuous effort that is necessary to maintain lake levels and other public benefits. A total of $15.4 million has been provided to the DNR under the bonding program from 1979 through 1996 for dam repair. This funding has resulted in the repair of 65 dams and removal of 6 dams.

Appropriations made during the last 6 years include the following (in $000):

M.L. 1992, Chapter 558	1,570	Bonding
M.L. 1993, Chapter 373	450	Bonding
M.L. 1994, Chapter 643	4,100	Bonding
M.L. 1996, Chapter 463	1,560	Bonding
Total	$7,680	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

No change in the level of funding is required. Currently the operating budget provides funds for 2+ FTE's and related expenses to support this program.

OTHER CONSIDERATIONS:

A consistent, long-term funding approach is needed to keep public dams from deteriorating and to remove those that become obsolete and hazardous. There are approximately 800 public dams that require periodic major repair work. Dam repair costs can range from a few thousand dollars to several hundred thousands of dollars, depending on the age, type, and size of the dam. The magnitude of long-term funding needed for dam maintenance is about $2 million per biennium for the foreseeable future.

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

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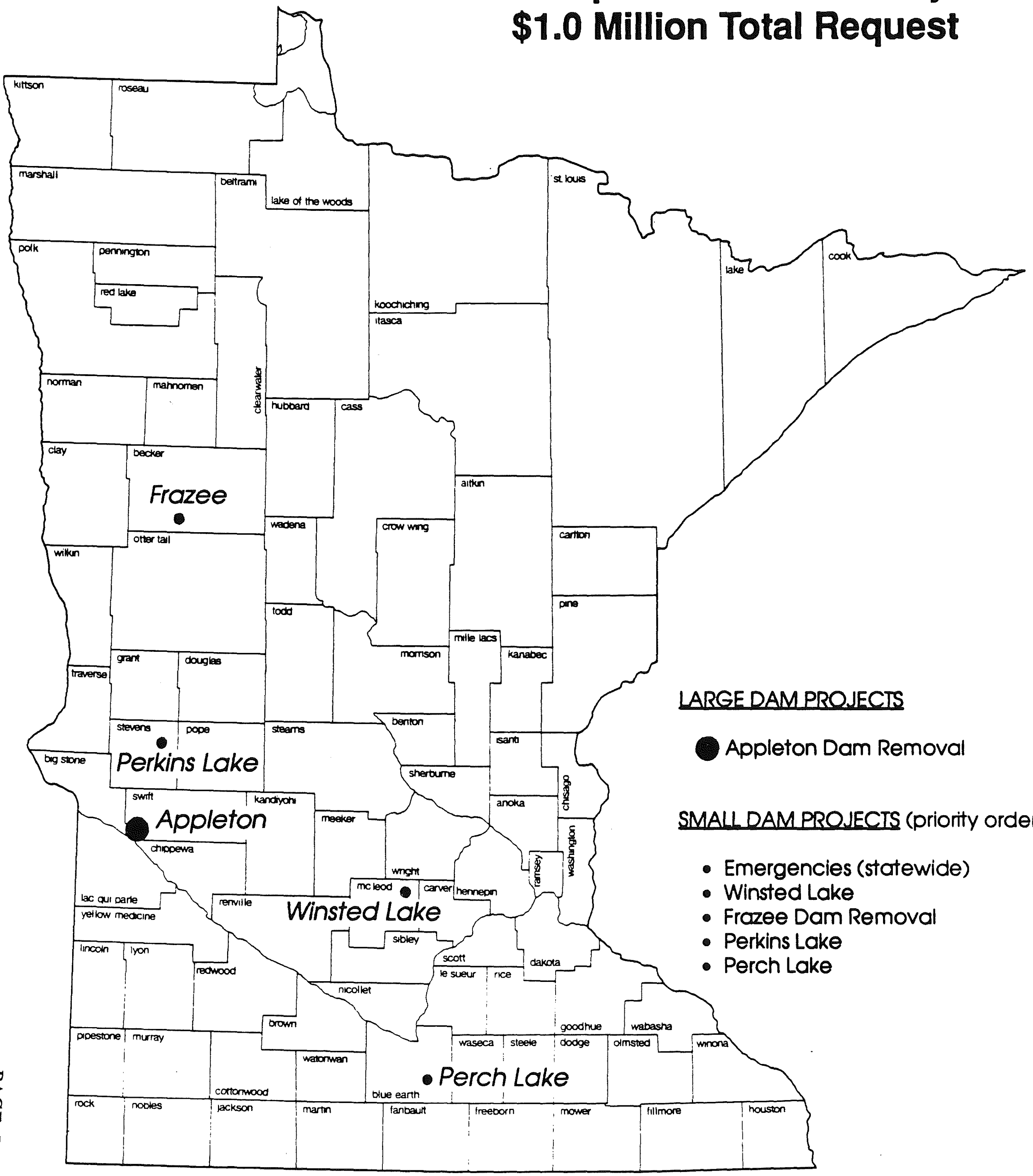
Capital Budget Request FY 1998-99
Dam Repair & Removal Projects
$1.0 Million Total Request



LARGE DAM PROJECTS

- Appleton Dam Removal

SMALL DAM PROJECTS (priority order)

- Emergencies (statewide)
- Winsted Lake
- Frazee Dam Removal
- Perkins Lake
- Perch Lake

AMOUNT	PROJECT (in $000)
$100	Emergencies
$600	Small Dam Projects
$300	Appleton Dam Removal
$1,000	**TOTAL**

Minnesota
DNR Waters

November 1997
296-4800

AGENCY CAPIT.. BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	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		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	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		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	7,680	1,000	2,000	2,000	12,680	07/1998	06/2000
	GRAND TOTAL	$7,680	$1,000	$2,000	$2,000	$12,680		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	7,680	1,000	2,000	2,000	12,680
State Funds Subtotal	7,680	1,000	2,000	2,000	12,680
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	**7,680**	**1,000**	**2,000**	**2,000**	**12,680**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	315	315	315	315	315
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	315	315	315	315	315
Revenue Offsets	0	0	0	0	0
TOTAL	**315**	**315**	**315**	**315**	**315**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
94' Chapter 643, Section 23, Subd. 14	4,100
92' Chapter 558, Section 18, Subd. 2	1,570
96' Chapter 463, Section 7, Subd. 16	1,560
93' Chapter 373, Section 12, Subd. 5	350
93' Chapter 373, Section 12, Subd. 3	100

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1 million for this project. Also included are budget planning estimates of $1 million in 2000 and $1 million in 2002.

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	35
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	50
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**	**425**

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 4 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $24,000

PROJECT DESCRIPTION:

This request will provide state cost-sharing grants to local government units under the Flood Hazard Mitigation Grant Assistance Program. This program allows the department to make cost-sharing grants of up to 50% of project costs to study and implement measures that will reduce or eliminate flood damages in the future. This request includes funding for the detailed design, engineering, and environmental analysis of future projects that will be proposed for capital funding; and 13 projects including floodwater impoundments, storm water detention projects, and levees. These projects will help reduce the economic, social, and environmental impacts of severe flooding. Projects to be funded under this proposal are as follows:

1997 Flood Hazard Mitigation

The 1997 Regular Session and the Second Special Session provided $17 million from the Bond Fund and $900 thousand from General Fund for flood damage reduction measures. The Bond Fund dollars will leverage federal hazard mitigation dollars and will be used for acquisition of flooded homes, levee improvements, flood proofing of public facilities, and other cost-effective flood mitigation activities. The General Fund appropriation will be matched by local government and provide funding to construct about 60 farmstead ring levees.

Additional needs are not precisely known at this time; however, before January, 1998, we will be able to provide an estimate of additional bonding needs. We are aware of an unmet need for General Fund dollars of approximately $1 million as the state's cost share of 50% of an estimated $2 million for construction of additional farmstead ring dikes.

Detailed Design, Engineering, and Environmental Analysis

This includes funding for the design, engineering, and environmental analysis of projects to be proposed for capital funding in future years. This funding will help to insure that projects will meet environmental and permitting requirements before funds are requested for project construction. Also, these funds will be used for hazard mitigation projects following emergency flooding situations. The state's share for these studies, analyses, and projects are estimated to be $50 thousand.

Federal Flood Control Projects

The 1997 Second Special Session specifically identified 5 communities for flood damage reduction grants - the cities of Marshall, Crookston, Warren, Stillwater, and East Grand Forks - that they shall be given consideration for funding in the capital improvements budget bill. In addition, the only other federally authorized flood damage reduction project is the city of Chaska. 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.

- City of Marshall - $629 thousand

The Corps of Engineers is constructing a levee/high-flow diversion project to provide additional flood protection to the city. The flood control measures constructed in 1963 have not adequately protected the city, but the new measures will provide 133-year (.8% chance/year) flood protection. The total estimated project cost is $10 million, including $1.25 million in state cost-sharing assistance. To date, $621 thousand has been provided including the $346 thousand authorized in Laws 1997, Chapter 216. This request provides the remaining $629 thousand in state cost-sharing assistance.

- City of Crookston - $1.8 million

The Corps of Engineers is proposing to construct two downstream high-flow channel cutoffs and several reaches of permanent levee to help reduce flood damages. Approximately 165 of the 710 existing structures in the 100-year floodplain would be removed from the floodplain and the degree of damage would be lowered for the remainder. Average annual flood damages would be reduced by 60%. The total project cost is estimated at $9.5 million and the requested state cost-sharing assistance is $1.8 million.

- City of Warren - $800 thousand

The Natural Resources Conservation Service is proposing to construct an off-channel impoundment and an estimated 4 miles of high-flow diversion channel to carry flood flows around the city of Warren. This project will protect about 520 residences and businesses and will help prevent approximately $620 thousand in average annual damages. The total cost of the project is $6 million; $800 thousand in state cost-sharing assistance is requested.

- City of Stillwater - $750 thousand

The Corps of Engineers is in the process of constructing a combination erosion control/flood control levee to stabilize the bank of the St. Croix River through the city and to provide 50-year flood protection to city residents. Phase I, the reconstruction of the existing levee wall, is completed. Phase II, which consists of extension of the levee wall, was started in 1997 and will be completed in 1998. Phase III, which is the construction of the flood wall, is scheduled to start in 1998 or 1999. This request provides $750 thousand of state flood damage reduction cost-share assistance to complete construction of the project. The total project cost will be about $11.6 million, including federal, state, and local contributions. Previous appropriations for cost-sharing assistance for the project have totaled $700 thousand.

- City of East Grand Forks - $13 million

The city of East Grand Forks, has been studying cost-effective flood control options with the US Army Corps of Engineers since about 1980. Following the Spring 1997 Flood of the Red River, the Corps of Engineers has included the city of Grand Forks, ND, in the study of flood control design options. The cities of East Grand Forks and Grand Forks are meeting to discuss 2 alternatives for permanent flood control measures. These proposals are: Diking and Structure Acquisition; or Diking Diversion of the Red River. The total cost of the alternatives are estimated to range from $400 to $900 million. State cost-sharing assistance is estimated to range from about $40 to $80 million over the life of the project. This request provides $13 million in state funds for the first phase.

- City of Chaska - $2.1 million

The U.S. Army Corps of Engineers began construction of the Chaska Flood Control Project in 1988, scheduled for completion in 1998. Average annual benefits are estimated to exceed several millions dollars. The total cost of the project is now estimated to be $43 million with the local share being $12.2 million, the city has already received $2 million in state cost-share assistance and has requested an additional $2.1 million to bring the overall state cost-sharing to 1/3 of the nonfederal costs of the project.

Other Flood Control Projects

(None of the following 6 flood control projects, at the current funding level, are funded at the full 50% state cost share)

- City of Inver Grove Heights - $50 thousand

The city of Inver Grove Heights has an existing emergency levee along the Mississippi River constructed in 1969. This levee is inadequate and currently only provides protection from a 10-year (10% chance/year) flood. Currently at least 22 homes, 10 businesses, roads, and sewers have been affected by larger floods. The city is proposing that the levee be upgraded to provide permanent 100-year (1% chance/year) flood protection. The estimated project cost is $1.2 million; $50 thousand in state cost-sharing assistance is requested for a feasibility study.

- City of Minneapolis - $4.0 million

The city of Minneapolis experienced severe flooding and sewage backups as the result of the July, 1997, thunderstorms. The city is proposing to acquire and demolish approximately two dozen homes and construct storm water retention basins to alleviate the flooding problem and improve storm water quality. The total project cost is approximately $13 million; $4.0 million in state cost-sharing assistance is requested.

- Cities of Virginia and Mountain Iron - $479 thousand

The cities of Virginia and Mountain Iron have entered into a cooperative agreement to construct improvement to their storm water drainage system to reduce flooding in the 2cities. Improvements proposed include a diversion structure, channel enlargements, small impoundments, enlarged culverts, and other measures. The total cost for these projects is estimated at $1.25 million; $479 thousand in state cost-sharing assistance is requested.

- City of Rochester - $242 thousand

The Mayo Run Watershed Project is an effort to protect existing and new development from flooding. The city is about to enter into Phase IV, which is the final stage of the flood protection project and involves the construction of 3 additional storm water ponding areas. The total cost of Phase IV is $684 thousand. This request provides $242 thousand of state flood damage reduction cost-sharing assistance. An earlier appropriation of $310 thousand was made for previous phases.

- Heron Lake Watershed District - $100 thousand

The Heron Lake Watershed District has completed an extensive study to identify areas within the watershed where up to 5,000 acre-feet of water could be impounded to reduce downstream flood damages, improve water quality, and improve wildlife habitat conditions. This request represents the watershed's efforts to identify a system of projects that would help to achieve these objectives. Up to 9 impoundment projects have been identified at a total cost of $1.25 million. State cost-sharing assistance in the amount of $100 thousand is requested, so fewer projects will be constructed.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The flooding along the Minnesota and Red Rivers in 1997 reminded everyone that flooding is still a severe problem. In 1979, it was estimated that average annual flood damages in Minnesota were $60 million to $70 million. The 1997 flood alone is estimated to have caused $2+ billion in damages in Minnesota. It will never be possible to eliminate all flood damages in the state, but there are many areas where flood damages can be reduced or eliminated. The Corps of Engineers (COE) developed figures on the damages prevented by completed COE flood control projects during the 1993 floods: $2.8 million in Henderson (state-assisted Henderson with the nonfederal share of project costs), $63 million in Mankato, $330 thousand in South St. Paul, and $4.6 million in St. Paul, preventing over $70 million in damages in just 4 communities. These same results can occur elsewhere as was demonstrated in 1997 where communities protected by COE permanent flood control projects received only minor damages.

The recent floods also demonstrated that nonstructural measures such as acquisition/relocation and floodplain zoning can be effective and an attractive alternative in many cases. Approximately 150 structures have been acquired since the flood of 1993. Significant interest in the Flood Hazard Mitigation Grant Assistance Program was generated by the 1993 flood because many projects implemented in the past did help to prevent flood damages. The preliminary estimates of potential residential acquisition is over 1,000 homes.

Flood damage remains high because as many as 17,000 homes and businesses were built before floodplain zoning regulations were in place. During the 1997 floods, homes that were constructed properly according to local floodplain zoning ordinances still suffered damages due to the severity of the flooding. Many bridges, culverts, and storm water systems built before the mid-1970s were designed to handle 10-, 20-, or 50-year floods, not the big floods that cause so much damage.

There is a growing need for increased state funding because federal budgets have been reduced, priorities have changed, federal project planning and implementation takes a long time, and the federal cost-share has declined.

The state has established 2 excellent programs to help prevent flood damages. In 1969, the Floodplain Management Act was passed (M.S. 103F). This law requires the department to help local governments administer and enforce local floodplain zoning ordinances. These ordinances require that new homes and businesses be protected from the 100-year flood. This is usually accomplished by elevating the structure on fill so that flood water from these large floods cannot come into contact with the structure. This program has been effective where it is properly administered. Local governments should be commended for properly administering these ordinances.

In 1987, the Flood Hazard Mitigation Grant Assistance Program was established in M.S. 103F.161. This program allows the department to make cost-sharing grants of up to 50% of project costs to study and implement measures that will reduce or eliminate flood damages in the future. The program is divided into 2 parts: small grants and large grants. Small grants under $75 thousand are generally used for studies that lead to projects or for implementing very small projects. The department currently has an appropriation of $176 thousand per year for small grants. Large grants are generally for amounts over $75 thousand and are used to implement flood damage reduction projects. Proposals for large grants like this one are submitted by the department to the governor and the legislature for approval.

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. This request supports the strategic plan by addressing public safety needs related to flooding and developing partnerships with local governments.

This request also supports the Minnesota Long-Term Recovery/Hazard Mitigation Plan which provides an outline for dealing with flood events. The completion of the proposed projects will alleviate and, in some cases, eliminate flooding in the areas where they are implemented.

PREVIOUS PROJECT FUNDING

Since 1992, 96 grants totaling $21.8 million in capital funds and $1.3 million from the General Fund 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 nonfederal share of federal flood control projects, and help cost-share federal hazard mitigation activities following presidentially declared disasters.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Existing staff funded through the general fund and flood mitigation appropriation is sufficient to administer and monitor 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 damages in these areas would continue for some time.

Grant criteria are identified in M.S. 103F.161. The most critical need is to have a consistent level of funding so that the department 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.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	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		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
	SUBTOTAL	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		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	76,306	195,800	9,000	9,000	290,106	07/1998	06/2000
	GRAND TOTAL	$76,306	$195,800	$9,000	$9,000	$290,106		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	21,790	24,000	4,000	4,000	53,790
General	1,346	0	0	0	1,346
State Funds Subtotal	23,136	24,000	4,000	4,000	55,136
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	43,530	146,500	1,000	1,000	192,030
Local Government Funds	9,640	25,300	4,000	4,000	42,940
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**76,306**	**195,800**	**9,000**	**9,000**	**290,106**

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	24,000	100.0%
User Financing	0	0.0%

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	70	70	70	70	70
Other Program Related Expenses	352	352	352	352	352
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	422	422	422	422	422
Revenue Offsets	0	0	0	0	0
TOTAL	**422**	**422**	**422**	**422**	**422**
Change from Current FY 1998-99		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
97' 2SS, Chapter 2, Section 3, Subd's. 2,3,4 & 5	13,900
97' Chapter 246, Section 3	4,000
94' Chapter 643, Section 23, Subd. 15	2,600
96' Chapter 463, Section 7, Subd. 17	1,490
92' Chapter 558, Section 18, Subd. 22	500
97' Chapter 216, Section 5, Subd. 3	446
93' Chapter 373, Section 12, Subd. 1	200

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

There are no salary dollars included in this request. DNR has stated that the supplemental budget request for $300 thousand will be sufficient to cover the F.Y. 1999 portion of the $13.9 million special session appropriation, and the funds requested in this request.

Prior years capital budget appropriations include $1.49 million in 1996 and $2.6 million in 1994.

Governor's Recommendation:

The Governor recommends general obligation bonding of $24 million for this project, contingent upon federal funds of $146.5 million and local government funds of $25.3 million. Also included are budget planning estimates of $4 million in 2000 and $4 million in 2002.

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	70
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	50
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**	**495**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 5 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $11,500

PROJECT DESCRIPTION:

There are a number of statewide acquisition programs to protect critical sites for wildlife and native plants and provide public hunting and other wildlife-related activities. This habitat initiative is for $11.25 million in general obligation bonding and $250 thousand from the General Fund for 3 of these programs administered by the Department of Natural Resources' (DNR) Section of Wildlife. Two of the programs also take advantage of opportunities to leverage state funding with private and federal funds.

These acquisition programs have historically been funded through bonding, the Future Resources Fund, and the Environmental Trust Fund.

- **Wildlife Management Areas (WMAs) - $2.0 million:**
  This request would provide for accelerated wildlife land acquisition efforts aimed at completing existing WMAs. Major emphasis will be on acquisition in the 18-county high-population "growth corridor" from St. Cloud to the Twin Cities to Rochester.

- **Critical Habitat Match - $8.75 million, $250 thousand General Fund:**
  The Reinvest in Minnesota (RIM) Critical Habitat Matching Program (CHM) matches private donations to help fund the cost of acquiring or improving critical fish, wildlife, and native plant habitats. The General Fund request will provide funds to assist the population and habitat objectives of the nongame wildlife management program.

- **North American Waterfowl Management Plan - $500 thousand:**
  The North American Waterfowl Management Plan is a cooperative effort by federal, state, and local governments and private organizations in Canada, Mexico, and the United States to stabilize and restore continental waterfowl populations by preserving and restoring adequate wetland habitats. Funding for this project will be used to acquire and restore wetlands and associated uplands in key locations of Minnesota.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The departments's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. The department's capital budget plan identifies priority actions and the associated projects where capital investment can contribute to achieving the major goals of the strategic plan. This project request supports these goals. The relationship between the strategic plan and the capital budget plan is further described in the Strategic Planning Summary narrative located in the front of this budget document.

- **Wildlife Management Areas (WMAs)**

  M.S. 86A.04, Subd. 8 states, "A state wildlife management area shall be established to protect those lands and waters which have high potential for wildlife production and to develop and manage those lands and waters for the production of wildlife, for public hunting, fishing, and trapping, and for other compatible outdoor recreational uses."

  Minnesota has one of the finest systems of publicly owned WMAs (1,260 units, 740,000 acquired acres in 85 of 87 counties) in the country that permits Minnesota's citizens and nonresidents to enjoy wildlife and our natural heritage. 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.

  Acquisition of wildlife lands is guided by statute, the *Fish and Wildlife Long-Range Plan,* and the *Wildlife Management Area Long-Range Acquisition Plan.* The acquisition goal is to acquire 1 million acres of wildlife lands by the year 2000. The acquisition objective was established on the basis of the needs of various wildlife species and availability of lands within each county. The division's acquisition priority lists are based on willing sellers within project boundaries.

  Historic wetland losses, combined with the continuing destruction of upland habitat, have 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 the 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's hunters, trappers, bird watchers, and other wildlife enthusiasts have come to expect.

  The above acquisition goal cannot be met without new appropriations for this purpose. Existing funds from the wildlife acquisition surcharge provides about $550 thousand annually for acquisition. Critical habitat match has helped, but acquisition is often restricted by donation contingencies. Presently, there are willing sellers for over $4.0 million of priority WMA lands within existing previously approved active projects. If these lands are not acquired now, the state may not have an opportunity to purchase them for many decades and some of the areas may be destroyed if they are not protected. Completing acquisition of parcels within existing WMA project areas would increase management efficiency, reduce development costs, complement previous land and development investments, and enhance public use and existing wildlife habitats. A request of $1 million dollars was made, but not funded, as part of the DNR's 1996-2001 capital budget request.

Extensive rural development in the 18-county high-population "growth corridor" threatens sensitive natural resources in this area. In many cases, this may be the last opportunity to protect these critical habitats. Increasing populations also create a higher demand for public hunting, trapping, and other wildlife-related activities in close proximity. Only 7% of the acquired WMA lands in Minnesota is located in this 18-county area. Funds will be used to accelerate the purchase of WMA lands within this area to protect valuable wetlands and critical upland wildlife habitat and enhance recreational use, especially public hunting and trapping. Land costs will continue to increase over time in this corridor area, and it is imperative that key acquisitions be completed before land prices become too prohibitive.

Program Outcomes. Purchase up to 4, 000 acres of critical wildlife habitat.

- **Critical Habitat Match (CHM)**

This program has received over $16 million in private contributions of cash and land since its inception in 1986. Cash donations and state matching dollars are used statewide to 1) purchase critical parcels of land for wildlife management areas, scientific and natural areas, aquatic management areas, and occasionally state parks or state forests; and 2) enhance fish, wildlife, and native plant habitat on public lands and waters.

CHM projects are guided by the division's acquisition priority lists that are based on their long-range plan. Priorities are provided by area and regional managers and the CHM committee. Donations are evaluated according to the criteria set forth in statute and rule.

The CHM Program is one of the most innovative and successful programs in the country for enhancing environmental quality and fish, wildlife, and native plant habitats. Over 370 different donors, including 196 conservation groups, 14 corporations, and 160 individuals, have contributed $4 million in cash and $12.6 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.

The 1997 Legislature appropriated $1.23 million from the Environmental Trust Fund and General Fund for the CHM Program. The special critical habitat license plate authorized in 1995 currently provides an additional $300 thousand per year to the CHM Program. After matching these available funds with existing CHM donations and pledges, there is still a backlog of $2.2 million in unmatched donations and pledges. With new donations averaging $1.5 million per year over the past 5 years, at least $5 million in additional state funds will be needed from bonding to meet the needs for F.Y. 1998 and F.Y. 1999. Donations to the state could be lost and sensitive critical habitat lands would be threatened if Reinvest in Minnesota matching dollars are not available.

Program Outcomes: Acquire and improve 12, 500 acres of WMA's.
Acquire 1,500 acres of state natural areas.
Acquire 4,200 acres of AMA's.

- **North American Waterfowl Management Plan**

Under the state implementation plan, 168,000 acres of wetlands and associated uplands must be acquired by the year 2001 in the prairie region of Minnesota to meet waterfowl population objectives. This includes acquisition currently being realized under existing programs by the DNR and the U.S. Fish and Wildlife Service. Meeting these goals will require accelerating current acquisition rates. Other land management initiatives would also be required, such as private lands management and lake reclamation, but are not part of this request.

Most of this acquisition would occur in the prairie pothole region of Minnesota and would benefit all species of prairie wildlife. Project areas for acquisitions and wetland restorations in Minnesota are Heron Lake Watershed, Swan Lake Watershed, Northern Tallgrass Prairie Project (Red River Valley Watershed), and Minnesota River Watershed. Federal matching money is available through the North American Wetland Conservation Act (NAWCA) on a competitive basis currently 2:1 ($2 state generates, $1 federal match).

Since 1993, DNR has received $3.86 million in federal NAWCA grant funds for acquisition, development, and other project-related costs. Minnesota is the third largest recipient of NAWCA dollars in the United States. Other project dollars are also leveraged from other public and private partners. Expenditures by the various partners in a project area are pooled to provide the nonfederal match for NAWCA grant proposals. Eligible nonfederal match includes partner expenditures for fee title or easement land acquisition, wetland restoration or development, and in-kind matching for salary and labor to manage or implement the project. Grant partners have included DNR, Board of Water and Soil Resources, soil and water conservation districts, local watershed districts, Bureau of Indian Affairs, Minnesota Pollution Control Agency, and a variety of private conservation groups such as Pheasants Forever, Ducks Unlimited, The Nature Conservancy, and Minnesota Waterfowl Association.

Dollars in Thousands ($137,500 = $138 thousand)

This project directly fulfills objectives within the Section of Wildlife's strategic plan relating to wetlands and wetland wildlife. The DNR's *Long-Range Plan for Waterfowl* has the goal of maintaining current diversity and distribution of waterfowl populations and increasing numbers for maximum recreational, hunting, and viewing opportunities.

Federal matching grants are available on a competitive basis to extend the accomplishments of this budget. A request of $1 million was made, but only $500 thousand was funded, as part of the DNR's 1996-2001 capital budget request.

This wetland protection and restoration program is different from other state wetland programs for these reasons:

- The plan is a cooperative and coordinated effort among many agencies and private sector partners. The partnerships foster considerable leveraging.
- The plan is an acceleration of existing efforts to stabilize and restore wildlife populations and habitats before this opportunity is lost.
- The plan is directed to specific joint venture areas and key watersheds within these joint ventures. These often complement other state priorities (e.g., cleanup of Minnesota River).
- The plan has an implementation horizon to the year 2001 so the program has an imminent sunset date. Federal matching funds may be unavailable after that.

Key areas for acquisition include those with high biodiversity and other wildlife use; this helps maximize benefits and allows priority targeting. Generally, several additional partners, both public and private, have joined the effort.

This acquisition program permanently protects wetlands communities through public ownership and complements the Reinvest in Minnesota Reserve Program that protects and restores wetlands on private lands. Additional funding will ensure continued progress on the 4 existing significant North American Waterfowl Management Plan watershed projects in Minnesota and 1 new project. Federal North American Wetland Conservation Act matching dollars would be lost if adequate state matching funds are not available.

Program Outcomes: Up to 500 acres of weltands and adjacent uplands will be acquired as WMA's and SNA's.

PREVIOUS PROJECT FUNDING:

- Wildlife Management Areas

1994	Bonding	700
1997	Trust Fund	200
	Total	$ 900

- Critical Habitat Match

1992	Bonding	1,250
1993	Trust Fund	2,600
1994	Bonding	1,000
1995	Trust Fund	250
1996	Bonding	2,500
1996	Trust Fund	630
1996	Future Resources Fund	120
1997	Trust Fund	630
1997	General Fund	600
	Total	$9,580

- North American Waterfowl Management Plan

1993	Trust Fund	300
1994	Bonding	1,000
1995	Trust Fund	510
1995	Future Resources Fund	140
1996	Bonding	500
1997	Trust Fund	300
	Total	$2,750

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

Kim Hennings, Wildlife Acquisition Coordinator
DNR Section of Wildlife
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AGENCY CAPIT. BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/1998	06/2000
Land, Land and Easements, Options	$15,425	$12,372	$5,410	$5,410	$38,617		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	15,425	12,372	5,410	5,410	38,617		
2. Predesign **SUBTOTAL**	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	2,800	1,928	840	840	6,408		
Construction Management	0	0	0	0	0		
Other Costs	800	250	0	0	1,050		
SUBTOTAL	3,600	2,178	840	840	7,458		
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		
SUBTOTAL	0	0	0	0	0		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$19,025	$14,550	$6,250	$6,250	$46,075		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	6,950	11,250	5,000	5,000	28,200
General Fund Projects	600	250	0	0	850
Env & Natural Resoures	5,420	0	0	0	5,420
Minnesota Resources	260	0	0	0	260
State Funds Subtotal	13,230	11,500	5,000	5,000	34,730
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	3,860	0	0	0	3,860
Local Government Funds	0	250	0	0	250
Private Funds	1,935	2,800	1,250	1,250	7,235
Other	0	0	0	0	0
TOTAL	**19,025**	**14,550**	**6,250**	**6,250**	**46,075**

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	11,250	100.0%
User Financing	0	0.0%

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	120	120	120	120	120
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	120	120	120	120	120
Revenue Offsets	0	0	0	0	0
TOTAL	**120**	**120**	**120**	**120**	**120**
Change from Current FY 1998-99		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
96' Chapter 463, Section 7, Subd. 22	3,000
93' Chapter 172, Section 14, Subd. 12(a)	2,900
94' Chapter 643, Section 23, Subd. 23	2,700
97' Chapter 216, Section 15, Subds. 7 and 17(i and 1)	1,730
92' Chapter 558, Section 18, Subd. 13	1,250
95' Chapter 220, Section 19, Subds. 10(a) and (b)	900
96' Chapter 407, Section 8, Subd. 7	750

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

This request has statewide significance due to its potential of acquiring numerous sites statewide. The request has support from a wide variety of conservation and sporting groups.

For the critical habitat match program, $5 million in state funds is needed to match an equal amount of private funds. To the extent possible, state funding will allow prompt acquisition of wildlife and nature sites which are presently available.

Governor's Recommendation:

The Governor recommends general obligation bonding of $11.25 million and a general fund appropriation of $250 thousand for this project, contingent on non-state funds of $3.05 million. Also included are budget planning estimates of $5 million in 2000 and $5 million in 2002, contingent upon private/local (non-state) matching funds of $1.25 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	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	50
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**	**450**

PROJECT LOCATION: Duluth

AGENCY PROJECT PRIORITY: 6 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $14,000

PROJECT DESCRIPTION:

This request is for funds for the creation of the new Veterans Memorial State Park to be located in the City of Duluth. The major components of this initiative include the acquisition of land west of Bayfront Park on the Duluth Harbor; construction of a berthing site for the U.S.S. Des Moines, a U.S. Naval Ship nominated to the National Register of Historic Ships; ship preparation and movement and the development of associated parking and state park facilities. The projected investment for this initiative is $14 million and is provided from the General Fund.

The following summary outlines the project components to be completed with the 1998 appropriation request.

- $169 thousand for ship survey, environmental survey and vessel application. Surveys include PCB assessment, asbestos assessment and remediation, oil survey and waste disposal, site risk analysis and EPA sampling.
- $2.54 million for ship preparation and movement. This work includes removing the top mast and activating ship systems, lead paint containment and compliance, use of dry-dock, sandblast and paint vessel bottom and other on board preparation.
- $186 thousand for the purchase and/or rental of necessary equipment including lines, chains, fenders, generators, fuel and pumps.
- $825 thousand for towing, crew, pilot, seaway and voyage insurance.
- $5.38 million for costs associated with slip excavation including preliminary engineering, soil testing and assessment, diver survey, excavation, removal of material and a portion of the sheet pile.
- $650 thousand for ship anchoring system, site clean up and dock side utilities.
- $1.45 million for associated park development including parking, pedestrian bridge, landscaping, visitor center, interpretive displays and maintenance building.
- $1.0 million for land acquisition.
- $1.8 million in park operation funding. These funds will cover staff, utility and operating costs in FY 1999.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The State Park System was established to protect and preserve the state's unique natural and cultural resources while providing opportunities for outdoor recreation, education and enjoyment. The Park System is made up of 67 park and recreation areas. This proposal will impact citizens across the state by creating a new state park. In addition to serving recreational and educational purposes in the fashion of all state parks, this new Veteran's Memorial State Park would honor the contributions Minnesotans have made in service to our county.

About 450,000 of the Midwest's 1.4 million veterans live in Minnesota; 326,000 men and women served during World War II and 6,284 were killed in action. About 120,000 World War II veterans still live in Minnesota. No memorial of this type exists in the state to honor their service to this country. The memorial park would also honor men, women and children at home who supported the effort overseas.

The Department of Natural Resources, Division of Parks and Recreation, would handle development and operation of this project. The project fits well with the division's legislative mandate to manage cultural resources for present and future generations, and to provide interpretive and educational opportunities for visitors.

PREVIOUS PROJECT FUNDING

There has been no previous funding for this project.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Developing this new park would require spending $3.6 million in each biennium in which the park is operated. This funding would cover maintenance of the park, buildings and grounds, berthing slip and ship, and other park displays. It would also be used to staff and operate the park including entrance for collection, interpretive tours and general operations. It is anticipated that park revenues will offset operation costs in F.Y. 2000 and beyond.

OTHER CONSIDERATIONS:

As an ocean port, Duluth played a vital role in the Wold War II effort. Nearly 200 naval and cargo ships were built in Duluth, and the port was the primary supplier of iron ore and one of the primary shippers of grain during the war years.

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

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Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/1998	08/1998
Land, Land and Easements, Options		$0	$1,000	$0	$0	$1,000		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	1,000	0	0	1,000		
2. Predesign	**SUBTOTAL**	0	5	0	0	5	07/1998	08/1998
3. Design Fees								
Schematic		0	115	0	0	115	07/1998	07/1999
Design Development		0	120	0	0	120	07/1998	07/1999
Contract Documents		0	150	0	0	150	07/1998	06/2000
Construction Administration		0	260	0	0	260	07/1998	06/2000
	SUBTOTAL	0	645	0	0	645		
4. Project Management							07/1998	06/2000
State Staff Project Management		0	50	0	0	50		
Construction Management		0	600	0	0	600		
Other Costs		0	1,800	0	0	1,800		
	SUBTOTAL	0	2,450	0	0	2,450		
5. Construction Costs							07/1998	06/2000
Site & Building Preparation		0	5,000	0	0	5,000		
Demolition/Decommissioning		0	100	0	0	100		
Construction		0	2,650	0	0	2,650		
Infrastructure/Roads/Utilities		0	450	0	0	450		
Hazardous Material Abatement		0	1,600	0	0	1,600		
Construction Contingency		0	100	0	0	100		
	SUBTOTAL	0	9,900	0	0	9,900		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$0	$14,000	$0	$0	$14,000		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
General Fund Projects	0	14,000	0	0	14,000
State Funds Subtotal	0	14,000	0	0	14,000
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**	**14,000**	**0**	**0**	**14,000**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	900	1,800	1,800	1,800
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	900	1,800	1,800	1,800
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	1,800	3,600	3,600	3,600
Revenue Offsets	0	0	<3,600>	<3,600>	<3,600>
TOTAL	**0**	**1,800**	**0**	**0**	**0**
Change from Current FY 1998-99		1,800	0	0	0
Change in F.T.E. Personnel		25.0	25.0	25.0	25.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	0	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 (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
Yes	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

This project will create a new state park to memorialize the sacrifices made by Minnesota's World War II veterans and the efforts of the thousands of Minnesota's miners, shipbuilders, and other workers who played a part in the war effort. It will add to the state's tourism industry, and have a significant economic impact on the Duluth area. It has broad support from Veteran's groups, the Duluth Chamber of Commerce, and the citizens of Duluth.

Governor's Recommendation:

The Governor recommends general fund appropriation of $14 million for this project. As an alternative, part of this project would be eligible to receive general obligation bond proceeds.

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	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	10
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**	**155**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 7 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $300

PROJECT DESCRIPTION:

This General Fund request is for an additional investment of $300 thousand in F.Y. 1999 to implement increased public involvement in DNR white pine management planning, and to provide additional support for white pine management on state forest lands.

The acreage and number of white pine trees will increase as a result of this initiative primarily through the use of the MN Conservation Corps to plant, seed, and nurture natural regeneration by protecting trees from deer browsing and pests such as blister rust and white pine weevil. Specifically this initiative will provide:

- Bud-capping of 500,000 white pine seedlings for protection from deer browsing.
- Pruning of 1,000 acres of young white pines for protection from disease.
- Planting of 150,000 white pine seedlings on state forest lands.

This initiative will also provide increased public access to white pine management planning and information on state-owned forest lands. This will include updated forest inventory information for 20,000 acres of state forest land that will undergo timber management planning during the next three years.

This initiative will provide 1 additional FTE to coordinate public involvement in and information sharing about the DNR white pine management planning . This is a new effort that will occur primarily through the Division of Forestry's 40 administrative areas. Coordination of public involvement in the planning processes and information generation/distribution for a number of Areas each year will be a major undertaking.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

White pine in Minnesota's forests was far more prevalent before European settlement than it is today. There are a number of reasons for this decline in white pine, including the extensive pine logging that occurred in Minnesota during the late 1800's and early 1900's. In recent years, there has been considerable public interest in increasing the presence of white pine in Minnesota's forests. However, forest managers still face difficulties in regenerating white pine because of deer, white pine blister rust, and white pine weevil. Deer love to browse on young white pine seedlings and present a great obstacle to their early survival. Protection from deer with tree shelters, bud-capping, chemical treatments and fencing are all expensive. Protection of seedlings and young trees from white pine blister rust and white pine weevil is greatly improved by planting beneath other older trees and pruning, both of which add to the cost of establishment.

In December 1997, the White Pine Regeneration Strategies Work Group presented their report on how to increase the presence of white pine on Minnesota's landscape. This report became the basis for a major funding initiative for the FY 1998-99 biennium. However, current funding still falls short of needs.

As a result of discussions regarding white pine management on DNR-administered lands, the DNR commissioner agreed to convene a work group to recommend an improved and more effective process for public participation and involvement in DNR White Pine Timber Management Planning. A 15-member work group appointed by the Commissioner in June 1997 developed a number of recommendations including:

- Provide opportunities for public involvement in DNR White Pine Timber Management Planning.
- Increase the role and value of public participation as a central part of the white pine planning process by involving the public proactively and early in the planning process.
- Provide ongoing dissemination of information to educate the public on white pine planning and management.
- Adequate resources should be committed to make the process effective.

This request supports the following goals and strategies described in the department's strategic planning document entitled, *Directions for Natural Resources 1997:*

Goal: *Maintain, enhance or restore the health of Minnesota ecosystems so that they can continue to serve environmental, social and economic purposes.*

Prior to the turn of the century, white pine was a significant component of Minnesota's forested ecosystems. The intent of increased white pine management efforts on state lands through this requests is to contribute to the overall restoration of white pine and white pine habitats on appropriate landscapes in the state.

Strategy: *Improve communication with all stakeholders and citizens.*

A portion of this request is specifically targeted at increasing communication with the public about the status of white pine and increasing public knowledge about and involvement in white pine management planning on state lands.

The following performance measures are those from the DNR's Performance Report that apply to this initiative.

Performance Measure: *Maintain harvest levels at or below projected long-term sustainable levels statewide across all ownerships (Millions of cords of wood harvested).*

The matter of sustainable harvest levels includes the ability to address a wide variety of forest resources and values that go beyond pure wood fiber production (e.g., wildlife habitat, habitat diversity, aesthetics, etc.). Efforts to restore white pine on state lands address some of these values by increasing the diversity of the state's forest and increasing habitat types that are less common today than they were prior to European settlement.

Performance Measure: *Percent of annual timber harvest on DNR-administered forest lands conducted using uneven-aged methods.*

A portion of the white pine restoration connected with this initiative will take place in hardwood forests that have been thinned and under planted to white pine. This thinning will create openings in the under story for establishment and growth of planted/seeded white pine and natural regeneration of other tree species, thus creating uneven or two-aged forest conditions.

Performance Measure: *Millions of trees and shrubs produced and sold by DNR nurseries.*

Restoration of white pine will increase the overall demand for tree seedlings and help the DNR nurseries achieve their seedling production/sale targets.

PREVIOUS PROJECT FUNDING:

Funding for white pine management on state lands was historically around $90 thousand per year prior to the FY 1998-99 funding initiative. In FY 1998, an additional $260 thousand from the biennial budget initiative was available for use on state lands, bringing the FY 1998 total to $350 thousand.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes an investment of $240 thousand from the General Fund in each of the next two biennia for the White Pine Management Initiative.

OTHER CONSIDERATIONS:

Public involvement in DNR white pine management planning is a significant new undertaking that concerned stakeholders will certainly expect the DNR to continue and perhaps expand over the longterm. Likewise, longterm investments to restore and protect white pine on state (and other) lands are needed if we ever hope to substantially increase the presence of white pine in Minnesota.

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

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	0	60	0	0	60		
Construction Management	0	0	0	0	0		
Other Costs	1,060	240	0	0	1,300		
SUBTOTAL	1,060	300	0	0	1,360		
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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	980	0	0	0	980		
GRAND TOTAL	$2,040	$300	$0	$0	$2,340		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
General Fund Projects	0	300	0	0	300
General	2,040	0	0	0	2,040
State Funds Subtotal	2,040	300	0	0	2,340
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	**2,040**	**300**	**0**	**0**	**2,340**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	120	120	120
Other Program Related Expenses	700	700	820	820	820
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	980	980	980	980	980
Expenditure Subtotal	1,680	1,680	1,920	1,920	1,920
Revenue Offsets	0	0	0	0	0
TOTAL	**1,680**	**1,680**	**1,920**	**1,920**	**1,920**
Change from Current FY 1998-99		0	240	240	240
Change in F.T.E. Personnel		0.0	1.0	1.0	1.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
97' Chapter 216, Section 5, Subd. 4	1,680
93' Chapter 172, Section 5, Subd. 4	180
95' Chapter 220, Section 5, Subd. 4	180

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	**Amount**	**Percent of Total**
General Fund	0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends a general fund appropriation of $300 thousand 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	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	0
TOTAL	**700 Maximum**	**170**

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Dollars in Thousands ($137,500 = $138 thousand)

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 8 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,900

PROJECT DESCRIPTION:

This request is for replacement of the approximately 60 bridges in the state forest road system, replace 10 aging railroad tank car culverts, 2 large culverts, and reconstruct/resurface about 150 miles of existing forest road to safely meet current and projected use and load levels. The request also provides for the construction of .6 miles of new forest road to provide critical access to state forest lands for resource management and recreation. The total request for the 1998-1999 biennium is $1.9 million and includes the following components:

- $1.33 million to reconstruct/resurface 143 miles of state forest road (primarily Class 3 and Class 4);
- $9 thousand to construct .6 miles of state forest road (Class 4&5);
- $561 thousand to replace 1 bridge, 10 aging tank car culverts, and 2 inadequate large culverts on state forest roads.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

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 lands 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.

Forestry maintains 2,064 miles of roads that serve the 4.6 million acres of forest-administered lands. These roads also serve several million acres of county, federal, and private forest lands. The system of gravel roads provides access to the state's forest resources and supports 2 of the state's largest industries: forest products and tourism. **In a recent study of the traffic on state forest roads in Minnesota, recreational and other local use of these roads was shown to be approximately 95% of the total traffic.**

The Department of Natural Resources' (DNR) strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. This request supports the department's strategic plan and the *Minnesota Forest Resources Plan* by addressing the demand for outdoor recreation opportunities and the need for a functional forest road system for timber harvesting and transport.

The existing state forest road system is a capital asset worth more than $75 million. Regular maintenance and resurfacing reduces the need for costly reconstruction in the future. Funding is needed to supplement dedicated gas tax dollars and other annual appropriations for critical rehabilitation of portions of the state forest road system and major bridge repair to bring facilities up to required use and safety standards.

State forest roads provide a strategic link between our forest resources and the public transportation network. While the state forest roads are used for resource management and hauling forest products, 95% of their use is for recreation.

The Region 2 tank car, Valley River Road, and Brown's Creek projects are all designed to replace substandard culverts or bridges that are deteriorating and are in violation of transportation standards for weight and safety. If these projects are not completed, it may be necessary to close the roads.

Twelve reconstruction projects are scheduled to bring roads into compliance with current width, site distance, and safety standards. Most of these roads are narrow and were not designed for the size and weight of current semi-trucks and logging equipment, In most cases, the roads are not wide enough for a truck and car to safely meet and pass. Also, reconstruction will bring the roads up to standard with water quality and wetland best management practices.

Forestry currently receives approximately $300 thousand each year in dedicated state gas tax dollars, all of which is needed for state forest road maintenance. Currently, there are no general funds available for state forest road construction, reconstruction, major resurfacing, or bridge replacement. Federal BWCA (expired) and state bonding dollars have, in recent history, provided most of the funding for these activities.

PREVIOUS PROJECT FUNDING:

Appropriations authorized during the last 6 years from bonding for reconstruction, resurfacing, replacement, or construction of forest roads and bridges throughout the state include:

M.L. 1994, Chapter 643	$300	Bonding
M.L. 1996, Chapter 463	$250	Bonding

OTHER CONSIDERATIONS:

Reinvest in Minnesota (RIM) Program funding has been used to a very limited degree in past years for some forest road construction. However, use of RIM funding is limited to projects that clearly demonstrate a primary benefit for wildlife habitat management. RIM-funded road construction projects are also usually minimal design and maintenance roads and, therefore, unsuitable for recreational and general public use.

In the past, funding has also been sought from such sources as the Minnesota Vehicle Excise Tax (MVET) and the motor vehicle license revenues. During the 1993 legislative session, the DNR requested funding from the Highway User Tax Distribution Fund to supplement dedicated gas tax dollars for increased state and county forest road maintenance and major bridge repair or replacement. The legislature, however, did not broaden the source of funding.

Alternatives to this request include the following:

- Increased road closures or use restrictions to reduce the damages that occur on forest roads. Closing roads during fall and spring seasons may be necessary in some locations to protect the road structure.

- Limiting load weights during some periods to reduce maintenance costs and extend the reconstruction schedule.

The public's demand to use the roads for commuting, pleasure driving, berry picking, hunting, and other recreational uses is increasing. A particularly difficult situation is fall hunting. During the partridge and deer seasons roads in need of surfacing get rutted during wet periods, freeze up and stay rutted until spring. These ruts hold water, softening the road base and causing significant road damage. Even with this increased demand on use, road restrictions may be imposed.

If this request is not funded, access for forest resource management will also be affected. The volume and value of wood the DNR is able to sell may be reduced. Forest industry growth has accentuated the need for a functional forest road system capable of handling increased use for timber harvesting and transport. Good summer access also enhances our ability to use natural seeding techniques involving summer logged shelterwood and all age cutting techniques.

Reconstruction is projected on a 30-year basis. Postponement of 2 years will not substantially effect the cost but 5 years will increase the cost 20% to 30%. An 8- to 10-year delay would increase the costs by an estimated 60%.

Deferral of bridge replacement and road reconstruction will compromise the safety to all users.

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

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FOREST ROADS

Fiscal Year 1998 Dollars in Thousands ($137,500 = $138)

PRI	YR	PROJECT NAME	REG	CNTY	State Forest	PROJECT DESCRIPTION	Mileage Recon	Mileage Resur	EST. COST
1	98	Tank Car Culvert Replacement	2	Region 2 (NE)	Various	Replace 8 existing aging tank car culverts with new culverts or bridges as necessary. Need engineering.			$ 453
2	99	Anchor Mattson	1	Clearwater	Not SF	Haul spread and compact 15,00 CY from Hwy 200 & Anchor Mattson pit for Anchor Mattson, Waptus & east half mile of Buckboard road.		9.50	$ 46
3	98	Knudson Easement	5	Houston	RJD	1820 feet clear, shape, seed & mulch.	0.30		$ 4
4	99	Beldon Road	3	Pine	Nemadji	Move from township road location to adjacent railroad bed, flatten ballast and cap with Class 5.		5.50	$ 134
5	98	Aitkin Lake Road	3	Aitkin	Savanna	Reconst. 16' surface	3.90		$ 112
6	99	Diamond Summer Rd	2	St. Louis	Kabetogama	Haul, shape and grade to access 3,280 ac of public land and potential gravel pit.	1.00		$ 27
7	98	Cecil's Landing	1	Lake of the Woods	Beltrami	Roosevelt Road. Widen curve, replace 2 small culverts with 92"x70" arch. Safety, beaver cleaning.			$ 12
8	99	Butterfield	1	Lake of the Woods	Beltrami	East & west of Norris Camp. Reshape, install 20 culverts, crush 40MCY, place 37MCY, seed & reclaim pits.		10.00	$ 132
9	98	Valley River Road bridge	2	Itasca	Geo Washington	Replace bridge. Need engineering.			$ 86
10	99	Indian Pines	1	Koochiching	Pine Island	Reconst 2 curves, const 6 turnouts, ditch 4.75 mi, clear ROW on 9.5 ac, gravel (9.3 MCY)		11.00	$ 48
11	99	Bear Island Lake Rd	2	St. Louis	Bear Island	Reconstruct 2.2 miles to class 4 specs; gravel, shaping, turnouts.		2.20	$ 34

PRI	YR	PROJECT NAME	REG	CNTY	State Forest	PROJECT DESCRIPTION	Mileage		EST. COST
							Recon	Resur	
12	98	Brown's Creek	1	Lake of the Woods	Beltrami	Replace old culvert with arch 92"x70"x62' on Butterfield road east of Norris Camp.			$ 17
13	99	Park Forest Road	3	Pine	Nemadji	Gravel 6"x16'x12 mi.		12.00	$ 138
14	98	Turkey Walk	5	Houston	RJD	Clear & shape, waterbars & erosion control structures on 6500 feet.	1.20		$ 11
15	99	Sand Dunes Horse Camp Rd	3	Sherburn	Sand Dunes	Shaping and graveling to proposed recreation area.		0.75	$ 17
16	99	New Access	3	Crow Wing	Crow Wing	DOT is reconst. #6 north of Crosby. This will be class 4 access to 36-47-29	0.30		$ 8
17	99	Niles Bay	2	St. Louis	Kabetogama	Realign 2 curves in hilly section of road. .1 mi	0.10		$ 13
18	99	Dick's Parkway	1	Beltram/L of W	Beltrami Island	Gravel 4"x16'x5 mi. to reduce washboarding.		5.00	$ 16
19	99	Carp/Krull Roads	1	Lk. Of Woods	Beltrami Island	Shape, ditch and place 3" pit run gravel (16'x14,100') and clear 30'.	2.70		$ 42
20	99	Dentabow Road	2	Koochiching	Koochiching	Gravel 7 miles		7.00	$ 56
21	99	Stott's Crossing	1	Roseau	Beltrami Island	Replace 3 culverts with 8'x40' cul-vert. Add fill (150'). Protected water.			$ 5
22	99	Gravel crushing Region I (NW)	1	Clearwater	White Earth	Reconstruction. 30,000 CY		19.00	$ 70
23	99	Saul Road	1	Beltrami	Beltrami Island	Fabric and fill for weak spots.	1.00		$ 13
24	00	Balsiger/Lost River	1	Koochiching	Pine Island	Gravel 3"x16' Various spots,		2.00	$ 8
25	00	Faunce Road	1	Lake of the Woods	Beltrami Island	Graveling. 12,300 CY		8.00	$ 25
26	00	North Ash Lake Road	2	St. Louis	Kabatogama	Reconstruction. Coop with Boise-Cas-cade. Gravel, Culverts & turnouts. Need engineering.	3.00		$ 58
27	00	Net Lake Forest Road	3	Pine	Nemadji	Gravel 4 miles 16'x4".		4.00	$ 44
28	00	Burg Road	5	Houston	RJD	Construction/Reconst. 4,200 ft new 3,200 ft reconst to access newly acquired property.	1.40		$ 9

PRI	YR	PROJECT NAME	REG	CNTY	State Forest	PROJECT DESCRIPTION	Mileage		EST. COST
							Recon	Resur	
29	00	McKinzie/Norris Roads	1	Clearwater	Not SF	Reconstruction. Reshape, culverts 1500' fabric, 5,000 CY gravel		5.00	$ 40
30	00	Cutfoot Forest Road	2	Itasca/Kooch.	Koochiching	Reconstruction.	6.50		$ 92
31	00	Otter Lake Road	2	Cook	Grand Portage	Resurface 6 miles/replace culverts		6.00	$ 50
32	00	Hefflefinger/Beaver Roads	2	Lake	Finland	Reconstruction. Ditching, culverts, gravel	15.00		$ 80
						Grand Total	**36.40**	**106.95**	**$ 1,900**

AGENCY CAPIT[illegible] [illegible]UDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	82	209	100	100	491	08/1998	07/2001
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	82	209	100	100	491		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						08/1998	01/2001
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	468	1,691	650	400	3,209		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	468	1,691	650	400	3,209		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$550	$1,900	$750	$500	$3,700		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	550	1,900	750	500	3,700
State Funds Subtotal	550	1,900	750	500	3,700
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	**550**	**1,900**	**750**	**500**	**3,700**

IMPACT ON STATE OPERATING COSTS	Current	Projected Costs (Without Inflation)			
	FY 1998-99	FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
94' Chapter 643, Section 23, Subd. 16	300
96' Chapter 463, Section 7, Subd. 18	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	1,900	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.9 million for this project. Also included are budget planning estimates of $750 thousand in 2000 and $500 thousand in 2002.

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	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**	**370**

PROJECT LOCATION: Glenwood Hatchery, Lanesboro Hatchery, New London Hatchery, Peterson Hatchery, and French River Hatchery.

AGENCY PROJECT PRIORITY: 9 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,300

PROJECT DESCRIPTION:

This request is for $1.3 million for various improvements to the Department of Natural Resources' (DNR) fish culture facilities. Improvements to hatcheries include the following:

- $200 thousand for the Glenwood Hatchery to renovate the water collection and delivery system and 4 concrete fish-holding raceways.
- $210 thousand for the Lanesboro Hatchery to renovate the nursery area.
- $100 thousand for the New London Hatchery to construct a new storage building, security fence, and fish-holding raceway, and to repave the driveway.
- $210 thousand for the Peterson Hatchery to construct a new building to house egg incubation equipment, nursery rearing tanks, information and education displays, fish viewing areas, fish feed, and equipment. In addition, a visitor parking area would be constructed.
- $580 thousand for roof repair at the French River Hatchery.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The department's strategic plan report, *Directions for Natural Resources 1997,* outlines the major goals and strategies for achieving the DNR's vision and provides the framework for guiding budget investment decisions. This request supports the department's strategic plan by addressing the need to protect significant natural resources through acquisition/easements and improvement of existing holdings and the demand for outdoor recreation opportunities. *DNR Directions: Maintain, enhance, or restore the health of Minnesota's ecosystems so that they can continue to serve environmental, social, and economic purposes.*

The Commissioner of Natural Resources is directed by M.S. 97A.045, Subd. 1, to propagate desirable species of wild animals and make special provisions for the management of fish and wildlife to ensure recreational opportunities for anglers and hunters. Fish culture rehabilitation projects are included in the department's 6-year strategic plans and are identified in the state's 6-year planning estimates.

Fishing is the foundation of Minnesota's tourism industry, providing more than $900 million annually in direct expenditures. Minnesota has about 1.6 million licensed anglers and 5,363 lakes and 1,561 streams that provide fishing. Minnesota's public hatchery system provides fish for stocking programs in about 1,333 lakes and 125 streams across the entire state. These stocking programs provide additional angling opportunity that would not otherwise exist.

Our long-range goal is to maintain and improve 5 coldwater hatcheries and 12 warmwater hatcheries statewide to ensure there are sufficient fish to meet statewide stocking quotas established by individual lake and stream management plans. The estimated cost of these improvements through F.Y. 2003 is $2.3 million. This request would provide $1.3 million in F.Y. 1998-99 for the highest priority projects. The 5 coldwater hatcheries provide trout and salmon for stocking inland lakes, streams, and Lake Superior. The 12 warmwater hatcheries provide primarily walleye and muskellunge for statewide stocking programs and white sucker for the muskellunge rearing program. Fisheries' operating budget cannot fund needed maintenance of the state's hatchery facilities.

The projects in this request are necessary to maintain or improve existing hatchery facilities and one walleye egg take site. Investing in these projects now will increase operating efficiency, reduce maintenance costs, and avoid the need for costly emergency repairs in the future.

- The Glenwood Hatchery incubates about 40 million walleye eggs annually, which is about 16% of the state's hatchery production of walleye. The capital improvement request for this hatchery includes 2 main components: 1) renovation of the water collection and delivery system; and 2) replacement of 4 concrete raceways used to hold fish.

  1. The current water supply is from springs that are collected through a series of tiles, cisterns, and delivery lines off hillsides of state-owned property located north of the hatchery. Water quality is exceptional and much better than that available from groundwater sources. This system was originally constructed in 1906 with some repairs done in the 1960s. The quantity and quality of the water supply has been diminished due to tree root encroachment and structural deterioration. This project would involve replacing collection systems, reconstructing 2 of the 3 water-holding reservoirs, installing a new 8-inch water main, and re-plumbing feeder lines into the hatchery. A feasibility report was completed by the department's Bureau of Engineering in 1994.

  2. The existing 4 concrete raceways were constructed in 1906. The concrete has deteriorated greatly and water now runs over and through side walls. Raceways are used to temporarily hold walleye fingerlings for distribution to lakes throughout the state. The project would involve demolishing the existing raceways, replacing water lines and valving, and building 2 new raceways. This project was part of the department's 1996 capital budget request but was not funded. It was also part of the department's 1997 Legislative Commission

on Minnesota Resources request but was not recommended for funding by the Legislative Commission on Minnesota Resources.

- The Lanesboro Hatchery produces about 120,000 pounds of rainbow trout and brown trout annually, which is about 42% of the state's hatchery production of trout and salmon. This project would renovate the nursery area of the hatchery. The existing nursery is 42 years old and in poor condition. Water delivery and drain lines have become clogged with debris. Many of the metal troughs used to hold newly hatched fish are rusted, cracked, and held together with patches. Many of the concrete tanks used to hold fingerlings are deteriorated as well. This project would involve removing and replacing the existing tanks and water lines. Maintenance involved in keeping the current system operational involves 1.5 person-hours/day from mid-December through mid-June because of the poor drain system and an additional 200 person-hours annually to make necessary repairs to hatching baskets, tanks, and other equipment. This project would make operation of the nursery more efficient.

- The New London Hatchery incubates about 35 million newly hatched walleye and 4,000 muskellunge fingerlings annually, which is about 14% of the state's hatchery production of walleye and 11% of the state's hatchery production of muskellunge fingerlings. This hatchery also produces smallmouth bass and channel catfish. This hatchery was originally owned by the U. S. Fish and Wildlife Service. The state started to operate the hatchery in 1983, and in 1996, the federal government officially conveyed the hatchery to the state. This capital improvement request for this hatchery includes 4 main components: 1) construction of a storage building, 2) construction of a security fence, 3) construction of an outdoor fish-holding raceway, and 4) repair of the driveway and turnout.

  1. The current storage facility is in downtown New London and plans are to remove it. A new storage building is necessary to prevent damage and theft of hatchery equipment.
  2. The existing security fence is badly damaged and had been removed in some areas. A new fence is necessary to prevent trespass and protect the hatchery.
  3. Currently, an earthen-diked pond is used to temporarily hold walleye and muskellunge for distribution to lakes throughout the state. This project would involve constructing a concrete raceway in this area which would increase the fish-holding capacity.
  4. The existing driveway is cracked, buckled, and developing potholes. This project would involve resurfacing of this area. About 600 to 700 visitors tour this hatchery annually.

- The Peterson Hatchery produces about 31,000 pounds of lake trout and splake annually, which is about 11% of the state's hatchery production of trout and salmon. This project would provide a permanent nursery for the hatchery. Hatchery staff assembled a stop-gap nursery area in 1989 after the existing small building began to collapse. The nursery area is now located in 4 fish-holding raceways that are enclosed with a heavy vinyl fabric supported by a steel frame. The life expectancy of the fabric is about 10 years. The enclosures are not insulated which makes heating costs high and causes problems with condensation. In 1994, egg incubation equipment had to be moved to this area because the incubation building had become unsafe and had to be demolished. This project would involve constructing a multi-use building to house egg incubation equipment, nursery rearing tanks, information and education displays, fish viewing areas, fish feed, and equipment. The abandoned raceways would be removed and a visitor parking area would be constructed.

- 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. In the summer of 1997, Hurst & Henrichs MN, LTD was contracted to do a structural analysis of all buildings at the French River Hatchery before making an investment in new shingles, because some of the buildings with similar construction suffered a collapsed roof in 1992. The survey identified severe deterioration of the biofilter building, inadequate roof support load, and not much worth salvaging structurally. The goals of this project are to structurally repair the existing main building and to demolish and rebuild the biofilter building at the French River Hatchery.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There would be no major impacts on the agency's operating budget. The new building proposed for the Peterson Hatchery would slightly increase operating costs, but this would be offset by savings realized when high heating costs and poor working conditions of the current facility are abandoned. There would also be some gain in efficiency from the improved working conditions at the Lanesboro Hatchery.

OTHER CONSIDERATIONS:

The department's entire fish culture program, including spawn-taking, hatching, rearing, and stocking, expended about $2.3 million in F.Y. 1996, which was about 14% of the section of fisheries' operating budget. The hatchery facilities that would be improved with this request are important components of the state's fish culture program. In recent years the section of fisheries has spent an average of $70 thousand annually from its operating budget to maintain and improve fish culture facilities. Fisheries has depended on funds from capital bonding and the Environmental Trust Fund to help maintain the state's fish hatchery system. If more of the fisheries operating budget is spent on critical hatchery improvements it would be at the expense of other fisheries programs. If the lack of funding becomes serious or long term, consideration would have to be given to closing down one or more of the state's fish culture facilities which would reduce statewide stocking programs.

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

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AGENCY CAPIT… BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	380	260	100	100	840	07/1998	06/2000
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	380	260	100	100	840		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	1,536	1,040	400	400	3,376		
Infrastructure/Roads/Utilities	0	0	0	0	0		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	1,536	1,040	400	400	3,376		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$1,916	$1,300	$500	$500	$4,216		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,250	1,300	500	500	3,550
Env & Natural Resoures	666	0	0	0	666
State Funds Subtotal	1,916	1,300	500	500	4,216
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	**1,916**	**1,300**	**500**	**500**	**4,216**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	140	140	140	140	140
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	140	140	140	140	140
Revenue Offsets	0	0	0	0	0
TOTAL	**140**	**140**	**140**	**140**	**140**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
92' Chapter 558, Sec. 18, Subd. 7	1,250
97' Chapter 216, Sec. 15, Subd. 16(g)	400
95' Chapter 220, Sec. 19, Subd. 9(c)	266

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	1,300	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.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
Yes	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

DNR was appropriated $500 thousand for the 1998-99 biennium ($250 thousand each year) for repair and maintenance of buildings. The appropriation was for all agency buildings. It was not dedicated to Fisheries.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.3 million for this project. Also included are budget planning estimates of $500 thousand in 2000 and $500 thousand in 2002.

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	25
TOTAL	**700 Maximum**	**350**

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 10 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,600

PROJECT DESCRIPTION:

This request is for $1.0 million in bonding for the rehabilitation and improvement of 16 state forest campgrounds and 3 day-use areas, completion of the Sand Dunes Shooting Range, trail improvements in 4 state forests, 2 erosion control projects, and the replacement of 1 bridge. An additional $600 thousand from the General Fund is requested as a continuing initiative to sustain these facilities at operating standards necessary to meet visitor expectations and public safety needs.

Rehabilitation of campgrounds includes the replacement of vault toilets, fire rings, and picnic tables; tree planting; reconstruction of campground roads and spurs; closing overused sites to allow recovery; development of new sites and redesigning existing campgrounds; replacing and closing contaminated wells; erosion control measures; and construction or replacement of fish cleaning "houses."

Rehabilitation of day-use areas includes tree planting; replacement of vault toilets, fire rings, and picnic tables; erosion control; swimming beach reconditioning; water access improvement; and other landscaping.

The $600 thousand continuing General Fund initiative will be spent as follows: Twenty seasonal (4 month) staff positions to help manage state forest campground operations. This includes increasing the level of security patrol provided for camper safety. The remaining $260 thousand will be used to perform overdue repairs at campground facilities and on deteriorated trails.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The 1975 Legislature passed the Outdoor Recreation Act (M.S. 86A) that established the state's outdoor recreation system. The act included criteria for developing and managing all state recreation facilities including those in state forests. State forests provide recreational opportunities not often found with other public and private recreation facilities: more "rustic" camping experiences at facilities that are less developed (e.g., no electrical hookups or dump stations for recreational vehicles) and a wide variety of dispersed recreation (e.g., berry-picking, hunting, bird-watching, horse trail riding, etc.).

Forestry currently administers 46 campgrounds, 44 day-use areas, 900 miles of trail, 142 water accesses, and 17 canoe and boating route campsites. Most of the division's facilities were constructed in the late 1960s and 1970s (some as early as the 1930s). Between 1983 and 1994, 25 state forest campgrounds, 22 day-use areas, 45 miles of trail, and 10 water accesses have been rehabilitated or developed with bonding funds or appropriations from the Environmental Trust Fund.

The use of forest campgrounds has increased by 75% over the last 10 years. Forest campgrounds are experiencing an increase in the number of crimes, vandalism and disorderly behavior incidents. An increased presence is needed in order to reduce these types of incidents and assure the safety and comfort of campers. Existing resources have been unable to keep up with the escalating need for patrols.

The Department of Natural Resources' (DNR) strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. This request supports the department's strategic plan and the *Minnesota Forest Resource Plan* by addressing the demand for outdoor recreation opportunities.

This funding is needed to repair, replace, or construct facilities that improve the quality and delivery of services to those who use state forest recreation facilities and to provide for the safety of users. In addition, this project will help the division meet the public's demand for a wider variety of recreational opportunities. Many of the individual projects are also needed to comply with current safety code and Americans With Disabilities Act (ADA) requirements. Several projects will qualify for Capital Asset Preservation and Replacement Account or accessibility funding.

Campgrounds

- The Wakemup Campground project will remove dilapidated beach buildings and construct a storage facility for maintenance equipment. The Woodenfrog project will construct a fish cleaning building to provide for sanitary operation and improved wastewater handling.

- The Hinsdale, Gafvert, Snake River, Boulder, Clint Converse, Greer Lake, and Birch Lake projects will rehabilitate worn and substandard camping areas. If this work is not done, erosion and wear will increase environmental damage and safety risks to users. The Rock Lake project will develop a site for a campground host to improve security at the campground.

- The Finland, Eckbeck, and Indian Lake campground projects will provide pay phones to improve campground security and a new well at Finland to serve a campsite loop that was developed with 1994 bonding funds.

- The Gulch Lakes campground project will provide for the completion of campground and day use area development that was begun with 1994 capital bonding funds. The campground is "half-finished" at this point. Well water and campsite work is needed to complete the project.

Day Use Areas

- The Dago Lake, McCormick Lake, and Birch Lake day-use areas are in need of rehabilitation and development to keep up with rapidly increasing use, which is deteriorating these sites.

Shooting Range

- The Sand Dunes Shooting Range development was begun with a $20 thousand legislative appropriation. Although much has been accomplished, additional funds are needed to complete the project.

Horse Camping

- The Tamarack Horse Camp is currently overused. Drinking water is not available. Expansion of this facility is critical to serve a continually increasing pressure from users. The Sand Dunes Horse Camp development is expected to provide one additional horse camping facility. This will meet the needs of horse riders who presently use the area as an unregulated campsite and will help to reduce pressure on the other state forest horse camps. The Bear Lake Horse Camp is proposed to meet the needs of northern Minnesota riders.

Erosion Control

- The Zumbro River and Half-Moon Bay projects are needed to mitigate serious erosion problems caused by recreational use. At Half-Moon Bay, on the Mississippi River, an existing retaining wall is deteriorating and must be replaced in order to protect the river.

Bridge Replacement

- The Funk's Ford Bridge, over the Zumbro River, was seriously damaged by flood waters. The bridge is old and past its expected life. It provides access to an extensive trail network and a popular horse camp in the Richard J. Dorer State Forest. A replacement bridge is critical to provide continued access to this area.

Trail Repair

- Trails at Sand Dunes, Pillsbury, and Birch Lake State Forests receive heavy use from many types of users. Rehabilitation is important to prevent environmental deterioration. The Finland Trail project will permit a snowmobile trail to be maintained by modern grooming equipment.

Safety and Customer Service

- The Division of Forestry is developing operating standards for forest campgrounds. Preliminary data shows that many routine operating items were not being provided at a level sufficient to ensure the safety of campers and prevent the further deterioration of facilities.

State forest lands have considerable impact on the tourism industry and the supply of outdoor recreation opportunities. These lands and their associated waters are used for many recreational pursuits including camping, picnicking, hiking, hunting, trapping, fishing, canoeing, boating, swimming, ski touring, snowshoeing, snowmobiling, trail biking, and horseback riding. Twenty-five percent of all outdoor recreational activity hours occur in townships with state forest lands. In addition, the 1990 State Comprehensive Outdoor Recreation Plan predicts that demand for most recreational activities will increase significantly on state forest lands. State forest campground usage (and receipts) have doubled since 1986. State forest campground receipts are deposited in the General Fund.

PREVIOUS PROJECT FUNDING:

Appropriations made for forest recreation facility rehabilitation during the last 6 years include (in $000):

M.L. 1994, Chapter 643	$500	Bonding

IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):

Funding for the development and maintenance of motorized trails (e.g., snowmobile, all-terrain vehicle) on state forest lands comes from dedicated accounts through the DNR Trails and Waterways Unit. There currently is no funding source for non-motorized trails on Forestry-administered lands. Direct appropriations in the operating budget for forest recreation development and rehabilitation have been cut because of budget reductions. With limited funding, spending on state forest recreation facilities has been $300 thousand to $400 thousand per year for operations and general maintenance such as garbage pickup, cleanup, mowing, and minor facility repair. An increase in crime and disturbances in forest campgrounds has prompted the Forestry Division to begin developing standards for operations and security. These are showing a need for increased operations expenditures.

Forestry estimates its funding needs for forest recreation facilities in the next biennium as follows:

- Operations and Maintenance (General Fund) $2 million
- Rehabilitation and Betterment (Bonding) $1 million

The current request for $1.6 million includes $600 thousand from the General Fund in each of the next 2 biennia for operations and maintenance needs of the state forest camp-ground system.

OTHER CONSIDERATIONS:

Deferral of this project will result in further deterioration of identified facilities and recreation sites, increase future rehabilitation costs, compromise the integrity of facilities, and increase health and safety risks to forest recreation facility users. Some facilities will remain out of compliance with current health code and ADA requirements.

Allowing private vendors to run state forest campgrounds has been considered. However, the remote and scenic locations of many state forest campgrounds are not conducive to a profitable commercial operation. State forest campgrounds fill a unique niche in the outdoor recreation experience by providing a rustic experience in a peaceful, natural setting.

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

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Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	0	0	0	0	0		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	70	100	100	100	370	07/1998	06/2000
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	70	100	100	100	370		
4. Project Management						07/1998	06/1999
State Staff Project Management	0	200	0	0	200		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	200	0	0	200		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	400	584	584	584	2,152		
Demolition/Decommissioning	0	6	6	6	18		
Construction	0	20	20	20	60		
Infrastructure/Roads/Utilities	30	690	290	290	1,300		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	430	1,300	900	900	3,530		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$500	$1,600	$1,000	$1,000	$4,100		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	500	1,000	1,000	1,000	3,500
General Fund Projects	0	600	0	0	600
State Funds Subtotal	500	1,600	1,000	1,000	4,100
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**	**1,600**	**1,000**	**1,000**	**4,100**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	340	340	340	340
Other Program Related Expenses	800	1,060	1,060	1,060	1,060
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	800	1,400	1,400	1,400	1,400
Revenue Offsets	<400>	<400>	<440>	<480>	<530>
TOTAL	**400**	**1,000**	**960**	**920**	**870**
Change from Current FY 1998-99		600	560	520	470
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
94' Chapter 643, Section 23, Subd. 17	500

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1 million and a general fund appropriation of $600 thousand for this project. Also included are budget planning estimates of $1.0 million in 2000 and $1.0 million in 2002.

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	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	25
TOTAL	**700 Maximum**	**380**

Dollars in Thousands ($137,500 = $138 thousand)

PROJECT LOCATION: Statewide--wildlife management areas, other state-owned lands

AGENCY PROJECT PRIORITY: 11 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $4,500

PROJECT DESCRIPTION:

This request is for $4.0 million in general obligation bonding and a $500 thousand general fund appropriation. It is for the development of user facilities and improvement of natural resources on Wildlife Management Areas and other state lands: to provide higher quality hunting and trapping and other outdoor wildlife related recreation and educational opportunities for Minnesotans; and funds for 9 FTE's to assist area managers in carrying out these funding initiatives. It would also ensure that state land values would be maintained into the future and that safer and easier access to state lands is provided. This request is of statewide significance because it provides funds to numerous projects across the state.

These funds would be used to protect previously acquired lands, improve recreational opportunities, and restore and develop natural communities on wildlife management areas (WMAs) and other state-owned lands. WMAs are acquired to protect wildlife habitat and natural communities, to restore drained wetlands and other natural communities, and to manage lands for wildlife. They must be protected, improved, and managed as state assets. Planned opportunities include the following:

- $1.6 million for the **protection of property** by posting and fencing new acquisitions; control of erosion and cleaning up past building sites on WMA's.
- $490 thousand for the **improvement of services and infrastructure** by development and improvement of recreational and management facilities such as access roads, parking lots, handicap facilities, water accesses, and walking trails on WMA's.
- $640 thousand to develop **forest and brushland habitat** on WMA's and other state lands by re-establishing, developing, and improving forest stands, forest openings, and critical brushlands.
- $1.34 million to develop **grassland and farmland habitat** by planting native grasses and forbes, trees and shrub plantings for long-term vegetative cover and wildlife habitat on WMA's in the agricultural regions of Minnesota.
- $430 thousand to **restore and develop wetlands**, replace old dams, install water control structures, and perform other activities to enhance wetlands for wildlife on WMAs and other state land.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

M.S. 86A.05, Subd. 8. states, "A state wildlife management area shall be established to protect those land and waters which have a high potential for wildlife production and to develop and manage these lands and waters for the production of wildlife, for public hunting, fishing, and trapping, and for other compatable outdoor recreational uses."

The department's strategic plan report, *Directions for Natural Resources 1997,* outlines the major goals and strategies for achieving the DNR's vision of sustainability and provides the framework for guiding budget investment decisions. The department's capital budget plan identifies priority actions and the associated projects where capital investment can contribute to achieving the major goals of the strategic plan. This project request supports these goals. The relationship between the strategic plan and the capital budget plan is further described in the Strategic Planning Summary narrative located in the front of this budget document.

The mission of the Section of Wildlife is to *"protect and manage Minnesota's wildlife and their communities for their intrinsic values and long-term benefits to the people of Minnesota."*

The Wildlife Section is responsible for enhancement and protection of wildlife habitat and related ecosystems. The enhancement of ecosystems is necessary to maintain and perpetuate the various wildlife species in the 1,258 WMAs consisting of 740,500 acquired acres plus several million acres of county and state forest land. In addition, facilities are provided for hunters and other compatible recreational users.

The wildlife development project outcomes are as follows:

Farmland/Grassland Habitat	10,000 acres
Forest/Brushland Habitat	8,700 acres
Wetland Habitat	5,500 acres
Property Protection/Facilities	440 sites

Two major problems identified in the division's strategic plan are 1) natural succession and intensified human uses of land and water are altering habitats and reducing the carrying capacity for many wildlife species; and 2) the demands for opportunities to use and appreciate wildlife and their communities are increasing, resulting in greater competition, conflict, and stress between existing resources.

The Wildlife Section's operating budgets are not adequate to meet the basic needs of wildlife management and to develop wildlife habitat on state lands. Funding is not adequate to carry out program goals and manage wildlife lands. Funds are needed to reinvest in the state's wildlife and recreational resources if customer services are to be maintained and improved.

This request would 1) provide funds needed to post boundary signs on 250 thousand acres of Consolidated Conservation (Con-Con) Lands located in northwestern Minnesota, new acquisitions and other sites that have not been posted, 2) survey boundaries prior to posting boundary signs, 3) provide and improve user facilities such as parking areas and access roads, 4) establish permanent grassland and woody cover plantings, 5) re-establish brushland habitats for wildlife, and 6) restore and improve wetlands.

Annual bonding projects are summarized by program from ranked requests from area wildlife managers for each activity. Activities are ranked according to needs of each wildlife management area of the state.

As described in *Directions*, emphasis will be given to ecosystems with special value or concern or those experiencing the greatest pressure from human activity.

PREVIOUS PROJECT FUNDING:

Reinvest in Minnesota (RIM) appropriations made for wildlife habitat development and improvement during the last five years include the following (in $000):

1993	Environmental Trust Fund (ETF) *	590
1994	Bonding	1,315
1995	Future Resources Fund (FRF) *	260
1996	Bonding	660
1997	Environmental Trust Fund (ETF) *	255
	Bond Total	$3,080

* Primarily for non-bondable projects; does not include scientific and natural areas or nongame portions of appropriations.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The transfer of 250 thousand acres of Con-Con land and other land purchases resulted in the need to survey and post more than 700 miles of boundaries. This proposal is requesting funds to survey the majority of these lands through private vendor and DNR surveyors. Surveys would be delayed or not completed if carried out with operating funds.

The re-establishment of natural plant communities on state lands can reduce operating costs and improve efficiencies by reducing the need for annual noxious weed control with herbicides or manual cutting. Improvement and upgrade of access roads and access will reduce long-term costs.

Wildlife operating funds are used to provide basic public services and maintain existing land and habitat conditions. Environmental Trust Funds in the amount of $255 thousand is available for the F.Y. 1998-99 biennium for prescribed burns, an activity that cannot be funded from bonding. Special accounts such as Deer Management, Pheasant Stamp, and Waterfowl Stamp funds are available for selected projects, but the net value of these funds is being eroded by inflation. Funds are not available to meet all needs. RIM Critical Habitat Matching funds can provide opportunities for habitat development, but parts of this proposal, such as parking areas and roads, are not appropriate for those funds.

This request includes an investment of $500 thousand from the general fund in each of the next two biennia for the RIM - Wildlife Habitat Development and Improvement initative.

OTHER CONSIDERATIONS:

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. Not managing or protecting our land would lead to increased trespass or inappropriate use, loss of wildlife values, unsafe access to sites, and reduced hunting opportunities and support by the public.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	0	500	0	0	500		
Construction Management	0	0	0	0	0		
Other Costs	2,080	2,000	2,000	2,000	8,080		
SUBTOTAL	2,080	2,500	2,000	2,000	8,580		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	1,000	2,000	2,000	2,000	7,000		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	1,000	2,000	2,000	2,000	7,000		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$3,080	$4,500	$4,000	$4,000	$15,580		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,975	4,000	4,000	4,000	13,975
General Fund Projects	0	500	0	0	500
Env & Natural Resoures	845	0	0	0	845
Minnesota Resources	260	0	0	0	260
State Funds Subtotal	3,080	4,500	4,000	4,000	15,580
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	**3,080**	**4,500**	**4,000**	**4,000**	**15,580**

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	4,000	100.0%
User Financing	0	0.0%

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	1,000	1,500	1,500	1,500	1,500
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	1,000	1,500	1,500	1,500	1,500
Revenue Offsets	0	0	0	0	0
TOTAL	**1,000**	**1,500**	**1,500**	**1,500**	**1,500**
Change from Current FY 1998-99		500	500	500	500
Change in F.T.E. Personnel		0.0	0.0	0.0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
94' Chapter 643, Section 23, Subd. 18	1,315
96' Chapter 463, Section 7, Subd. 21	660
93' Chapter 172, Section 14, Subd. 12(b)	590
95' Chapter 220, Section 19, Subd. 10(c)	260
97' Chapter 216, Section 15, Subd. 17(j)	255

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $4 million and a general fund appropriation of $500 thousand for this project. Also included are budget planning estimates of $4.0 million in 2000 and $4.0 million in 2002.

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	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**	**270**

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PROJECT LOCATION: Statewide - Scientific and Natural Areas

AGENCY PROJECT PRIORITY: 12 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $2,000

PROJECT DESCRIPTION:

This request is for $1.5 million in bonding for the acquisition and development of lands and waters that qualify as scientific and natural areas (SNA's) and for the acquisition of prairie bank easements. The General Fund request is for $500 thousand for interpretation, management and monitoring of these areas.

SNA's are sites of statewide significance that preserve examples of plant communities, geological features, land forms, and rare and endangered species habitat. Examples are an old growth pine forests, a gravel esker, a peatland, and habitat for a species such as the prairie white-fringed orchid. These sites are preserved and managed for these rare features and for their scientific and educational value for present and future generations.

M.S. 86A.05, Subd. 5. states, *A state scientific and natural area shall be established to protect and perpetuate in an undisturbed natural state those natural features which possess exceptional scientific or educational value.*

Prairie bank easements are a type of acquisition which protects only native prairie plant communities while leaving lands in private ownership. Prairie bank easements protect prairie and its plant and animal species on those sites where landowners are reluctant to sell their land yet are willing to see it remain as prairie.

Each acquisition program protects different resources and provides different recreational, educational and scientific opportunities for Minnesotans and non-residents. These acquisition programs have historically been funded through bonding and the Environmental Trust Fund.

Scientific and Natural Areas: $1.8 Million

- **Acquisition (Bonding Funds): $900 Thousand**

  At the present there are 118 scientific and natural areas covering 174,741 acres. Of this total, 146,238 acres are in 16 ecologically significant peatlands, legislatively protected by the Wetland Conservation Act of 1991. This request for SNA acquisition follows the Long Range Plan for Scientific and Natural Areas. In 1980, the LCMR, as a part of its oversight of agency acquisition work programs, mandated that the SNA Program develop a Long Range Plan (LRP). This LRP was again approved by the LCMR in 1991 when the plan was updated.

The LRP divides the state into 18 ecological landscape regions based on soils, geological history, and presettlement vegetation. The LRP establishes a policy of protecting multiple sites in each landscape to preserve the genetic diversity inherent in each of these landscapes. The LRP arrived at this approach after extensive consultation with other states and agencies involved in natural area and rare species protection efforts.

To ensure the protection of the genetic and biological diversity of the state, the LRP uses a 2 tier approach; a coarse filter and a fine filter approach. Plant community sites are the coarse filter. Plant communities protect many different plant species, common and uncommon. The rationale is that if you protect a plant community you protect an array of species, plants and often animals, most commonly associated with it. To this end the LRP calls for protecting at least 5 examples (sites) of each plant community found in a particular landscape region.

Sites for protecting plant, animal, and geological features are the fine filter. Protection efforts here focus on one species or feature. This action ensures one of the best sites in the landscape for a particular rare or unique attribute is protected, thereby helping to ensure the survival of a species or protection of a feature. The site may not be a significant example of a plant community or protect many other plant or animal species. The LRP calls for protecting at least 3 examples of each species or feature important sites found in any particular landscape region.

The ensuing system of multiple sites, protected in each landscape region, for species, geological features and plant communities ensures that the genetic/biological diversity of the landscape is retained. It also prevents the loss of important species, plant communities and features from accidental or willful human disturbance and natural catastrophe. This strategy can be summed up as a ecological policy of not putting all your eggs in one basket.

Minnesota has approximately 500 features that are tracked by the department to ensure their protection. While many of these features are found across several landscape regions others may be restricted to one. To ensure all of these entities are preserved it is estimated that a system of 500 natural areas will be needed by the year 2085* to adequately protect these features in a system of multiple sites. Since an average of 8 rare features are protected on any given site, 500 sites is estimated to be needed to meet long term protection goals. Minnesota is one of the few states that have attempted to establish a goal as to the number of sites that would ultimately be needed to protect the state's rare features. Most other states continue to protect all sites identified, subject to available funds.

Protection priorities for SNA's are identified through the inventory and assessment efforts of the Heritage and County Biological Survey (CBS). The CBS is a systematic county by county inventory of all natural features that presently remain in Minnesota. Priorities from the CBS, assessment of historical occurrences of rare features (in counties where CBS is not completed), and past Heritage inventory efforts, enable the SNA Program to identify and pursue the best possible sites for protection. Some sites are acquired in counties where the CBS or Heritage Program has not completed an inventory. In these cases protection priorities are influenced by historical data, immediate threats to critical parcels, knowledge of co-occurrences of rarity, data from federally funded inventories (federal endangered species efforts), and other first hand knowledge of a site. The process used to identify protection priorities often allows the SNA Program 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. If significant occurrences are found on public land the site will be considered for SNA designation. Gifts of lands are another method by which SNA's are protected. Acquisition is used to protect occurrences of rare features in private ownership where similar features are not adequately protected on the public land. Based on historical protection efforts, it is estimated that 35% of the 500 natural areas necessary to meet the goals of the LRP will be protected through acquisition. It is anticipated that gifts of land will account for 40% and public land dedication for 25% of the protection efforts necessary to meet this goal.

It is estimated that protection of our current list of 31 ecological priorities as SNA's would cost over $7 million. The requested level of funding will protect but a fraction of the over 4,400 acres of virgin prairies, old growth forests, geological features, rare species habitats and lands in peatland SNA that comprise the 31 priorities. To acquire the remaining 48,000 acres of lands in peatland SNA owned by counties and others would require an additional $3 million. Protection costs are based on average costs to acquire critical SNA lands over the past few years.

* This 100 year goal was set in 1985, hence the year 2085.

- **Development (Bonding Funds): $400 Thousand**

This request for SNA development is necessary to ensure the genetic and biological diversity found on SNA sites (protected in each landscape region of the state) for species, geological features and plant communities is retained. Development also prevents the loss of important species, plant communities and features from accidental or willful human disturbance and natural catastrophe.

Development efforts are critical to the long term protection of acquired lands. Unless lands are adequately fenced, gated, signed and posted, trespass and activities destructive to the rare species and habitats/plant communities will take place. Without legal posting, regulations may not be enforceable. Fields that are occasionally included in acquired parcels require restoration actions. Restoration requires the collection of seed from the site and subsequent replanting with seeds or nursery stock. Restoration activities, though never really recreating the original vegetation lost, allows for enhancement of the entire parcel and habitat component for the rare species found there. Restoration also lessens the likelihood of problems from exotic species over the long term.

It is estimated that development of critical sites on SNA's would cost over $3.6 million over the next 6 years.

- **Interpretation and Monitoring (General Funds): $475 Thousand**

Interpretation of natural features is necessary to enhance public use and provide meaningful educational opportunities. Lack of interpretive facilities, signing, and written materials discourage appropriate use and do not permit natural areas to be used to their optimum allowable use levels. Interpretive facilities are needed at certain SNA's to meet the need of school groups and the public that desire to use these sites. Interpretive materials also assist in protecting sites by educating users about the need to conserve these critical lands and the species found there. Providing interpretive materials is an opportunity to educate users about a particular site or feature, encourage users to appropriately use SNA's and enhance understanding of the natural world. A handicapped accessible interpretive trail is desired at one metro location where an existing trail system provides and opportunity for consideration. A viable interpretive program for SNA's will require a planned approach to the development of materials and site facilities. This will be accomplished by working closely with local communities, other agencies and other DNR divisions regarding specific SNA's and geographical areas. Many opportunities for collaboration with others are anticipated. At present, 7 SNA's have some interpretive signing provided on site.

Monitoring of management actions is necessary to ensure that management activities are not negatively impacting plant communities and plant and animal species. To ensure that management objectives are being accomplished and that communities and species benefit from a particular management regime, permanent monitoring stations and plots need to be established. These stations or plots then establish the benchmark conditions upon which all change can be monitored and in turn management activities adjusted if and when necessary.

- **Management (General Funds): $25 Thousand**

Certain practices that must be carried out on SNA's can not be funded with bonding funds due to the short term nature of the benefits from the management practices. These management activities include annual control of noxious weeds through the use of herbicides and mowing, repair of gates, fences, and signs and other general management practices. These activities must be carried out to meet legal and social obligations as a landowner and to ensure the native species present are not displaced and can successfully compete with exotics. These activities are also necessary to ensure that natural resources present are not negatively effected by adjacent land use practices and existing recreational use.

Prairie Bank Easements (Bonding Funds): $200 Thousand

At the present time, 17 Prairie Bank Easements protect 2,218 acres of land. This request is for funds to be used to acquire prairie bank easements to protect the remaining native prairie in the state. The Native Prairie Bank Program was established by the 1987 legislature to protect native prairie lands by entering into perpetual conservation easements with landowners. MS 84.96, Sec. 19 states, *The commissioner shall establish a native prairie bank, determine where prairie land is located in the state, and prescribe eligibility requirements for inclusion of land in the native prairie bank.* These easements provide protection for the prairie resource while the land remains in private ownership.

To be eligible for Prairie Bank a tract must be *covered by native prairie vegetation, must never have been plowed, and must have less than 10% tree cover.*

The Native Prairie Bank Program is administered by the Scientific and Natural Areas Program. Priority sites and target areas are selected by the SNA program based on the established criteria and other factors listed above. Landowners apply directly to the program, or are directed to it through other conservation agencies and offices.

Native prairie is Minnesota's most endangered natural habitat type. The state once had over 18 million acres of prairie. Today less than 1% remains (an estimated 150,000 acres). These lands are home to more rare and endangered plants and animals than any of Minnesota's other natural habitats-over 100 different species. The 1987 Legislature, enacted the Native Prairie Bank (M.S. 84.96 Sec. 19) and the Prairie Landscape Reserve Program (M.S. 84.91 Sec. 98.1) to recognize the value of native prairie and to mandate its restoration, management and protection. The Prairie Landscape Reserve bill requires the department to plan for the restoration and management of prairie on a landscape scale. Landscape reserves are to be composed of integrated networks of protected prairie lands, prairie restoration sites, and private prairie lands where compatible agricultural practices are encouraged. Prairie bank easements were seen as another key protection tool to link these parcels together since landowners are often reluctant to sell or to give up certain agricultural practices.

Prairies provide excellent wildlife habitat for nesting waterfowl, pheasant, and other upland nesting birds in addition to protecting rare species. The rich soil of most of Minnesota's productive farmland was formed under a prairie sod. Today, native prairies also are important for agricultural research (soil fertility and crop development) and provide valuable hay and pasture lands.

The near elimination of native prairie in Minnesota has spurred a concerted effort to protect the remaining parcels. The DNR has purchased native prairie as part of state Scientific and Natural Areas, Wildlife Management Areas, and State Parks. In addition, the U.S. Fish and Wildlife Service (USFWS) and private conservation groups such as The Nature Conservancy have protected prairie lands. Many additional prairie species, however, will be endangered if more private prairie habitat is lost. Prairie bank provides an alternative for preserving prairie on private land.

Seventy-five percent of the state's native prairie, is privately owned. The long range goal of the Native Prairie Bank program is to protect 75,000 acres of native prairie on private land. In the next 10 years our goal is to enroll about a third of this (20-25,000 acres). This funding request would enroll an estimated 3 prairie tracts, protecting about 335 acres of prairie on private land in F.Y. 1999-2000. The Native Prairie Bank Program provides many landowners the option to keep the land in private ownership while protecting the prairie for future generations.

Funding for prairie bank is limited. The following factors help to determine which eligible parcels will be accepted:

- Relationship to other units:
  - Is the tract part of a Prairie Landscape Reserve?
  - Is the tract adjacent to DNR, USFWS or other public land?
- Inventory:
  - Is there good information on the availability of this prairie type from the Natural Heritage Program or other sources?
  - Has the County Biological survey been completed for the area?
- Quality:
  - Does the tract contain high quality prairie?
  - Does the tract contain rare species?
- Jeopardy:
  - Will the tract be lost if action is not taken?
- Acquisition:
  - Is the landowner interested in selling?
  - Does the state want less than fee title ownership?

For a permanent easement the landowner is paid 65% of the 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 SCS, 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.

PROJECT RATIONALE AND RELATIONSHIP TO AGNCY LONG-RANGE

STRATEGIC GOALS AND CAPITAL PLAN:

All SNA and Prairie Bank projects would help meet the Resource Management Goals in the Department's strategic plan report, *Directions for Natural Resources 1997*: *1)" Maintain, enhance, or restore the health of Minnesota ecosystems so that they continue to serve environmental, social and economic purposes, and 2) "To foster an ethic of natural resource stewardship among all Minnesotans."* The 1997 *Directions* document also identified specific sustainability issues for Minnesota's sensitive and threatened habitats. This proposal directly addresses 2 of the 3 issues: *1) "Maintain representative examples...of habitat... in sufficient extent to sustain essential ecological processes and viable populations of plants and animals", and 2) "...retain features of threatened habitats in more intensively managed lands."*

Development and interpretation protects and improves natural resource values on state lands while providing higher quality educational opportunities for Minnesotans. It also ensures that state land values are maintained and that greater access to some state lands is provided. The development, management and interpretation of previously acquire SNA's that includes restoration of fields to woodlands and prairie, surveying boundaries, signing, posting, removal of encroaching trees and exotic species, clean-up, fencing, & gating. Certain short term activities are not bondable e.g. annual herbicide treatment of weeds, therefore, general funds are necessary to accomplish such management activities. Interpretive facilities and materials are needed to increase accessibility to SNA's and tap their full educational potential.

Though there are a number of statewide acquisition and management programs to protect important habitat for Minnesota's wildlife and native plants, this request covers two programs (Scientific and Natural Areas and Prairie Bank) administered by the DNR's Division of Fish and Wildlife, Section of Ecological Services. This request has statewide significance because it supports the highest priority plant, animal and natural community (including native prairie) resources throughout the state.

PREVIOUS PROJECT FUNDING:

Appropriations made during the last 6 years include the following (in $000):

- ***Scientific and Natural Areas***

Acquisition:

M.L. 1992, Chapter 558	$100	Bonding
M.L. 1993, Chapter 172	$1,000	Trust Fund
M.L. 1994, Chapter 643	$1,000	Bonding
M.L. 1996, Chapter 463	$ 500	Bonding
M.L. 1997, Chapter 216	$ 200	Trust Fund
Total	$2,800	

SNA Development:

M.L. 1994, Chapter 643	$615	Bonding
M.L. 1996, Chapter 463	$240	Bonding
Total	$855	

Prairie Bank Easements:

M.L. 1993, Chapter 172	$100	Trust Fund
M.L. 1994, Chapter 643	$ 300	Bonding
Total	$400	

OTHER CONSIDERATIONS (OPTIONAL):

- **Scientific and Natural Areas & Prairie Bank**
  Funds have historically been appropriated though bonding or from the Environmental Trust Fund for development and acquisition for these programs. Lack of funds for development, interpretation, management, and monitoring would jeopardize the lands previously protected as SNA, threaten the survival of rare and endangered species on these sites and limit educational use.

  If significant sites are not acquired as SNA's, rare and endangered species, geological features, and native plant communities will be lost to urban development, agricultural expansion, mining, silvicultural management and other land uses. These sites can not be recreated once they are lost. 81% of Minnesotans surveyed believe natural areas need to be protected.

  Funding for interpretive efforts on SNA's has been minimal. Lack of interpretive materials and facilities at SNA sites does not allow the full educational potential of an area to be realized. Education of users to SNA's is one of the keys to protecting a sites resources as well as other natural resources across the state.

  Similarly, if additional funding is not provided for Prairie Bank, private prairie lands will be lost to continued agricultural conversion and intensive grazing. This loss of the prairie landscape and its attendant prairie dependant species can be slowed by providing landowners who have no interest in selling their land or who desire or need added income an option through the prairie bank program to see it protected.

PROJECT CONTACT PERSON, TITLE, AND PHONE:

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Scientific and Natural Areas Program
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Phone: 612-297-2357

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/1998	06/2000
Land, Land and Easements, Options	$2,915	$1,100	$4,500	$4,500	$13,015		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	2,915	1,100	4,500	4,500	13,015		
2. Predesign **SUBTOTAL**	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	800	300	100	100	1,300		
Construction Management	0	0	0	0	0		
Other Costs	0	500	300	300	1,100		
SUBTOTAL	800	800	400	400	2,400		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	0	0	0	0		
Demolition/Decommissioning	0	0	0	0	0		
Construction	0	0	0	0	0		
Infrastructure/Roads/Utilities	300	100	300	300	1,000		
Hazardous Material Abatement	40	0	0	0	40		
Construction Contingency	0	0	0	0	0		
SUBTOTAL	340	100	300	300	1,040		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$4,055	$2,000	$5,200	$5,200	$16,455		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,755	1,500	5,200	5,200	14,655
General Fund Projects	0	500	0	0	500
Env & Natural Resoures	1,300	0	0	0	1,300
State Funds Subtotal	4,055	2,000	5,200	5,200	16,455
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	**4,055**	**2,000**	**5,200**	**5,200**	**16,455**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	500	500	500	500
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	500	500	500	500
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**500**	**500**	**500**	**500**
Change from Current FY 1998-99		500	500	500	500
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
94' Chapter 643, Section 23, Subd. 18 and 23	1,915
93' Chapter 172, Section 14, Subd. 12(a)	1,100
96' Chapter 463, Section 7, Subd. 21 and 22	740
97' Chapter 216, Section 15, Subd. 17(k)	200
92' Chapter 558, Section 18, Subd. 8	100

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.5 million and a general fund appropriation of $500 thousand for this project. Also included are budget planning estimates of $1.5 million in 2000 and $1.5 million in 2002.

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	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**	**330**

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

AGENCY PROJECT PRIORITY: 13 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,100

PROJECT DESCRIPTION:

This request is for $900 thousand in bonding and $200 thousand from the General Fund 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. A portion of the funds will be used to assist communities (including cities, townships, counties, and environmental and local organizations) in developing plans for the protection of greenways and natural areas. 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.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

In the 7 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.

With many of these lands facing imminent development pressures, this program will allow the prompt protection of some of the most critical natural areas and green corridors through acquisition or easements. Grants to communities will encourage sound land-use planning that incorporates strategies for preservation of significant open spaces and establishment of greenways connecting natural areas. This program will build upon and enhance a number of currently ongoing efforts by the DNR and other organizations committed to sustainable growth in the Metro Region. Without immediate protection, many of the highest quality natural areas in Metro will soon be irretrievably lost to urban expansion.

Some of the key elements of the DNR's strategic directions are: working for a sustainable quality of life, using ecosystem-based and community-based management approaches, strengthening partnerships, and expanding technical assistance to communities--all of these elements are integral to the greenways and natural areas program. The goals of the program embrace a sustainable future; the concept of the program is rooted in communities' integrated planning for their environmental, social and economic well-being; the program's strategies have and will continue to be based upon the collaborative work of many individuals, community and environmental organizations, local and county governments, and state and federal agencies; and the program emphasizes the expansion of DNR's efforts to provide technical assistance to individuals, local government, and other communities.

The ultimate outcome of this program will be the protection of a regionwide network of natural areas and greenways through intergovernmental and public-private partnerships. This network will build upon the existing parks and open space system and connect local efforts into a regional design that enhances environmental health. Retention of natural areas and restoration of open spaces throughout the region will result in improved environmental conditions, such as water and air quality and flood control, as well as provide for future recreation and business development based on the region's natural amenities.

The adoption of a regional approach to plan for and implement greenways and protected natural areas and open spaces will better serve not only recreational users, but the environment itself. Better greenway connections between habitat parcels scattered throughout the Metro Region will provide movement corridors for plants and animals, increase habitat availability, improve ecological functions, promote alternative transportation on longer-distance connections, and provide increased recreational opportunities. The regional greenways and natural areas network will benefit all Metro residents, socially, economically, and ecologically.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

When fully implemented, the Greenways and Natural Areas Program will allow the DNR to more efficiently use its operating funds for fully integrated resource management and more effectively protect vital natural resources.

This request includes an investment of $200 thousand from the General Fund in each of the next two biennia for the Metro Greenways and Natural Areas initiative.

OTHER CONSIDERATIONS:

This appropriation will begin the process of natural area protection in the Metro

Region and preserve some lands and waters most immediately threatened by development. 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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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/1998	06/2000
Land, Land and Easements, Options		$0	$900	$0	$0	$900		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	900	0	0	900		
2. Predesign	**SUBTOTAL**	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		
	SUBTOTAL	0	0	0	0	0		
4. Project Management								
State Staff Project Management		0	0	0	0	0		
Construction Management		0	0	0	0	0		
Other Costs		0	0	0	0	0		
	SUBTOTAL	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		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	200	0	0	200	07/1998	06/2000
	GRAND TOTAL	$0	$1,100	$0	$0	$1,100		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	900	0	0	900
General Fund Projects	0	200	0	0	200
State Funds Subtotal	0	1,100	0	0	1,100
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**	**1,100**	**0**	**0**	**1,100**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	200	200	200	200
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	200	200	200	200
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**200**	**200**	**200**	**200**
Change from Current FY 1998-99		200	200	200	200
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)	Amount	Percent of Total
General Fund	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $900 thousand and a general fund appropriation of $200 thousand 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	35
Agency Priority	0/25/50/75/100	50
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	0
TOTAL	**700 Maximum**	**145**

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PROJECT LOCATION: Hubbard, Beltrami, Cass, St. Louis, Aitkin, Big Stone, Lac Qui Parle, Swift, Anoka, and Chippewa Counties

AGENCY PROJECT PRIORITY: 14 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,000

PROJECT DESCRIPTION:

This request is for $1.0 million in bonding to begin a major rehabilitation and improvement program for significant lake/river areas of the state. Funding of this request will offer water recreational opportunities to the public by providing public access which include boat access, canoe access, fishing piers, shore fishing, and boater waysides. In a departure from past requests, this proposal emphasizes a system of water access opportunities for a statewide significant lake/river, or an area of lakes, or a watershed. The statewide system now includes 1,525 boat access sites, 200 fishing piers and shore fishing sites that range in age from 7 to 20 years old. With the continuing improved 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. The first component of this request is a system of opportunities that includes boat access (ramps, parking), fishing piers, and shore fishing sites as highlighted below:

Boat Access
- Rehabilitation and restoration of current access sites
- Expansion and rehabilitation of underutilized sites
- New acquisitions to meet demand
- Development of new sites
- Development of boater waysides

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

A typical DNR boat access site contains a boat launching ramp, informational signing, and a parking lot. In high-use areas, 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 improvements which provide a place to stand and/or sit.

A boater wayside is a site on the lake accessible only by boat with a dock and toilet facilities for shore lunch and/or safety purposes.

Major Lake/River Rehabilitation and Improvement ($1.0 million)

The following summary outlines the highest priority projects by location and gives a brief description of the need. Nearly all fishing pier and shore fishing projects, and some boat access projects, were developed in cooperation with local governments.

Northwest Minnesota
- $250 thousand, Leech Lake Watershed: 1 boat access rehabilitation, 1 boat access acquisition, 1 boat wayside and 1 shore fishing site.

Northeast Minnesota
- $200 thousand, Lake Vermillion: 3 boat access rehabilitations and 1 shore fishing site.

Central Minnesota
- $200 thousand, Big Sandy Watershed: 1 boat access acquisition, 1 cooperative boat access rehabilitation and 1 fishing pier.

Southwest Minnesota
- $150 thousand, Big Stone/Lac Qui Parle: 2 boat access rehabilitations and 2 boat access acquisitions.

Metro Area
- $200 Anoka County: 1 cooperative boat access rehabilitation.

Deferred Projects

At the $1.0 million dollar funding level, most boat access and fishing pier projects will be deferred as follows:

Northwest Minnesota
- $200 thousand, Becker County: 2 boat access acquisitions and 2 cooperative boat access developments.
- $200 thousand, Lake of the Woods: 1 boat access acquisition and 1 boater wayside.
- $200 thousand, Ottertail, Douglas County: 4 cooperative boat access developments.

Northeast Minnesota
- $200 thousand, Rainy River: 2 boat access rehabilitations and 2 boat access acquisitions.

Central Minnesota

- $400 thousand, Lake Mille Lacs: 4 boat access rehabilitations, 1 boat access acquisition and 2 shore fishing sites.
- $250 thousand, St. Cloud Area: 3 boat access acquisitions and developments.

Southwest Minnesota

- $150 thousand, Cottonwood/Jackson Counties: 2 boat access acquisitions, 1 boat access rehabilitation, 2 boat access developments and 1 fishing pier.
- $300 thousand, Green Lake: 1 boat access acquisition and development site.

Southeast Minnesota

- $250 thousand, Mississippi River: 1 boat access acquisition
- $150 thousand, Rice County: 1 boat access rehabilitation, 1 boat access acquisitions and 2 fishing piers.

Metro Area, $1.3 million

- Anoka County: 3 cooperative site rehabilitations and 4 fishing pier/shore fishing sites.
- Carver County: 2 boat access acquisitions and 1 boat access rehabilitation.
- Ramsey County: 2 boat access cooperative rehabilitations, 1 boat access acquisition and 1 shore fishing site.
- Washington County: 2 boat access rehabilitations and 2 shore fishing sites.
- Hennepin County: 1 boat access acquisition

Deferred Statewide Fishing Pier and Shore Fishing Sites ($500 thousand)

The second component of the program is to rebuild and construct new shore fishing sites and fishing piers statewide due to the backlog of requests and popularity of the program. Fishing piers and shore fishing sites are initiated by local angling clubs through an application process. Projects are ranked by the DNR; currently, there is a backlog of about 60. At the $1.0 million dollar funding level, statewide fishing pier and shore fishing site projects will be deferred to the next capital budget request.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

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 to use those waters by providing developed access sites for a variety of clientele.

Although there are currently 1,525 boat access sites in operation, many lakes still have no public access at all or have very inadequate access for the size of the lake. This means the public has been denied use of the public park, the lake, they already own as a citizen 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 recent years, we have changed our approach to providing access by emphasizing cooperative projects with local governments and involving all the stakeholders, including angling groups and lake associations. This results in partnerships with local governments whereby both in-kind services and financial involvement in the project often are outcomes.

Access to Minnesota's lakes and rivers continues to be in high demand. Several studies have been conducted over the last decade that indicate boaters' wants, needs, and satisfaction with access facilities. 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. Overall, owners launch a boat a median of six times a year at three different sites. Although this survey is several years old, statisticians tell us it is still valid today.

In a 1995 survey by the University of Minnesota, over half the surveyed boating public identified the main reasons they boat are to enjoy nature, escape personal/social pressures, be around people with similar interests, and promote family togetherness. Several recommendations related to facility development resulted: improve the condition of public launch sites, provide an appropriate amount of parking at public launch sites, and continue to increase and improve the launch sites.

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 both access site expansion and purchasing more sites. Indeed, there are nearly 20 lakes with no access at all in the metro area, in addition to many lakes with inadequate access. Also, boat registrations continue to increase at a rate of approximately 1% per year. For 1996, Minnesota was third in the nation with over 758,666 registered boats. Minnesota is highest in the nation in boats per capita with one boat for every six people.

Part 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 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 parking to ease congestion and prevent conflicts.

About 30% 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. Sites are acquired and developed according to the priority of the lake and the availability of willing sellers.

The second part of this request is increased shore fishing sites and fishing piers. Potential shore fishing sites are evaluated for the type of improvement needed: floating fishing pier, permanent pier, shore platform, or shoreline modifications. Fishing piers and shoreline enhancements are barrier-free and are usually operated and maintained by local units of government who provide the land through cooperative agreement. There is a backlog of requests from local governments and angling clubs. Every year the backlog of new projects are reprioritized using ranking criteria including site suitability, the fishery, and local financial match.

The demand for fishing access is higher in developed areas throughout the state. Piers are often located in a city or county park, in a community where larger populations of elderly, children, persons with disabilities, and where anglers without a boat will have access to them. Fishing piers are built by Prison Industries at Stillwater and installed by the DNR.

According to a 1994 DNR Shore Fishing Study of the metropolitan area, about one-third of anglers fish from shore and two-thirds by boat. Shore fishing provides one-half million hours of fishing during the open water season. Shore fishing has a high minority participation, about 25%, with large lakes accounting for 50% of the fishing by minorities.

The source of funds for maintenance and operation of this program is a portion of the Water Recreation Account, a dedicated fund. This account supports minor maintenance and rehabilitation such as launch ramp replacement and parking lot maintenance. It cannot support large acquisitions, developments, rehabilitations, or expansions.

Funds appropriated for water access acquisition, betterment, and fishing piers during the last 6 years include the following (in $000):

M.L. 1993	Ch. 172	1,000	Trust Fund
M.L. 1993	Ch. 172	944	Future Resources
M.L. 1994	Ch. 643	350	Bonding
M.L. 1994	Ch. 632	696	Trust Fund
M.L. 1994	Ch. 632	154	Future Resources
M.L. 1995	Ch. 220	600	Trust Fund
M.L. 1996	Ch. 463	500	Bonding
M.L. 1997	Ch. 216	705	Trust Fund
M.L. 1997	Ch. 216	300	General Fund
	Total	$5,249	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Maintenance funds are provided for access sites statewide through the Water Recreation Account. This request will increase maintenance statewide at a cost of approximately $5 thousand which may be offset by infrastructure improvements.

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 for fishing piers and shore fishing sites. Day-to-day maintenance is typically provided by local units of government and major repairs are funded by the state.

OTHER CONSIDERATIONS:

This program provides funding for acquisition and development of boat access sites that are very expensive to acquire and develop. It also accelerates fishing piers and shoreline access improvements which are not included in the department's regular budgets.

Suitable lakeshore for boat access and shore fishing sites are becoming more scarce due to private demand for lakeshore. As lakeshore property values continue to increase, acquisition funds do not purchase as much. If we do not accelerate acquisition, the public will continue to be denied access.

Under the federal Wallop-Breaux Act, Minnesota's boat access program earns funds from two sources. The federal Sport Fish Restoration Account requires that Minnesota spend 12.5% of its federal apportionment on boat access. These funds are earned using state capital funds and are reimbursed at 75%. This means Minnesota must spend over $1.3 million on boat access annually to earn about $1.0 million of federal funds. These federal funds are deposited in the Game & Fish Fund and appropriated in the biennial budget. At the federal level, these funds are administered by the U.S. Fish and Wildlife Service.

The second federal source is the Boat Safety Account managed by the U.S. Coast Guard. Minnesota receives $500 thousand per year on a 50/50 match basis using state capital funds.

Fishing piers also have been earning federal funds at a 75% reimbursement rate. Although not mandated specifically by federal law, they meet the federal requirements for eligibility and have traditionally received federal funds.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/1998	06/2000
Land, Land and Easements, Options		$2,700	$150	$2,000	$2,000	$6,850		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	2,700	150	2,000	2,000	6,850		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		380	150	225	225	980	07/1998	06/2000
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	380	150	225	225	980		
4. Project Management							07/1998	06/2000
State Staff Project Management		395	150	225	225	995		
Construction Management		0	0	0	0	0		
	SUBTOTAL	395	150	225	225	995		
5. Construction Costs							07/1998	06/2000
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		4,274	1,550	3,050	3,050	11,924		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	4,274	1,550	3,050	3,050	11,924		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$7,749	$2,000	$5,500	$5,500	$20,749		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	850	1,000	4,500	4,500	10,850
Env & Natural Resoures	3,001	0	0	0	3,001
General	300	0	0	0	300
Minnesota Resources	1,098	0	0	0	1,098
State Funds Subtotal	5,249	1,000	4,500	4,500	15,249
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	2,500	1,000	1,000	1,000	5,500
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**7,749**	**2,000**	**5,500**	**5,500**	**20,749**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	2,000	2,000	2,000	2,000	2,000
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	2,000	2,000	2,000	2,000	2,000
Revenue Offsets	0	0	0	0	0
TOTAL	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
93' Chapter 172, Section 14, Subd. 10 (l)	1,000
93' Chapter 172, Section 14, Subd. 10 (n)	944
94' Chapter 632, Section 6	850
95' Chapter 220, Section 19, Subd. 4 (d)	600
96' Chapter 463, Section 7, Subd. 24	500
97' Chapter 216, Section 15, Subd. 17 (o)	355
94' Chapter 643, Section 23, Subd. 24	350
97' Chapter 216, Section 15, Subd. 17 (p)	350
97' Chapter 216, Section 5, Subd.6	300

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1 million for this project, contingent upon federal funds of $1 million. Also included are budget planning estimates of $1.0 million in 2000 and $1.0 million in 2002, contingent upon federal funds of $1 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	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	30
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**	**280**

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PROJECT LOCATION: Carlton, Houston, Meeker, McLeod, Cass, Hubbard, Beltrami, Goodhue, Fillmore, and Freeborn Counties

AGENCY PROJECT PRIORITY: 15 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $12,450

PROJECT DESCRIPTION:

This request is for $10.0 million in bonding for development, betterment, and land acquisition of 8 state trails authorized by the Legislature in M.S. Chapter 85.015. All development will be in accordance with trail master plans as adopted. Recreational users served by this proposal include bicyclists, in-line skaters, hikers, snowmobilers, cross-country skiers, and equestrians. This request also provides $2.0 million in bonding for the State Targeting Accessible Recreation Trails (START) Project. The focus of this project is on the state's 100 major recreation areas making them accessible by people with disabilities in accordance with the Americans with Disabilities Act (ADA). In addition this request provides $450 thousand from the general fund for state trail amenities.

State Trails - *$10 million*

Willard Munger State Trail - *$500 thousand*
To develop the segment of trail through Carlton *(approximately 4 miles).* This would connect the southern 53 miles from Hinckley to the 14-mile segment into Duluth. We are presently completing acquisition on this segment which took over 10 years.

Root River State Trail - *$1.0 million*
To complete the trail from Rushford to Houston *(approximately 5.5 miles are completed of this 12.2 mile segment).* Previously appropriated funding for this project was based on preliminary engineering estimates. Engineering is all but completed, and the cost estimate for the bridge crossing of the Root River is more than double the preliminary estimates, and the treadway costs are also significantly higher.

Luce Line State Trail - *$1.6 million*
To continue the work started from the 1996 Capital Budget. This would complete the blading, shaping, bridge work, and surfacing of 32 miles of trail depending on the type of surfacing material used.

Heartland State Trail - *$500 thousand*
This project is a continuation of the start-up development funds appropriated in the 1996 Capital Budget. This request would complete the trail from Walker to just south of Cass Lake (18 miles) along with additional funds from the Intermodel Surface Transportation Efficiency Act (ISTEA). The acquisition of this grade was completed 20 years ago.

Paul Bunyan State Trail - *$3.0 million*
This project is a continuation of a major trail project started in the late 1980's between Baxter and Bemidji. Preliminary engineering cost estimates show that with this request and anticipated ISTEA funding, sufficient resources would be available to complete the work on this trail.

Goodhue Pioneer Trail - *$1.0 million*
This project was started with funding from the 1996 Capital Budget. The project would continue the acquisition process and start development, including trail development between Red Wing to the Hay Creek Forestry Unit (5 miles).

Blufflands System - *$1.5 million*
This project consists of the trail segment from Preston to Forestville (approximately 8.4 miles). Start-up funding was provided in the 1998-99 Environment and Natural Resources appropriation. This project would complete the acquisition needed for this trail and provide for the development of an unsurfaced trail.

Blazing Star State Trail - *$900 thousand*
This project would complete the trail from Albert Lea to Myre-Big Island State Park (5 miles).

Project START - *$2.0 million*

Project START trail survey work is currently being accomplished in 50 of the state's major recreation areas through a combination of Legislative Commission on Minnesota Resources (LCMR), capital bonding, and General Fund resources. This request will complete the trail survey, prioritizing, and pre-engineering work for all 100 major recreation areas and to modify/improve 1 to 3 miles of trails in approximately 35 of these areas. The trail modifications/improvements in the remaining major recreation areas will be accomplished in a future capital funding request of a similar amount.

State Trail Amenities - *$450 thousand General Fund*

The general fund segment of this initiative will provide for minor improvements that include: new or resurfacing of parking areas; additional rest areas; restrooms; drinking fountains; enhanced signage; interpretative displays and brochoures; native prairie restorations; and other resource enhancements. These projects, even though relatively small compared to more typical trail acquisition and development projects, will greatly enhance customer service and provide for a more enjoyable trail experience.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision and provides the framework for guiding budget investment decisions. The departments capital budget plan identifies priority actions and the associated projects where capital investment can contribute to achieving the major goals of the strategic plan. This project request supports these goals. The relationship between the strategic plan and the capital budget plan is further described in the Strategic Planning Summary narrative located in the front of this budget document.

The state has already invested large amounts of capital in acquisition and development on several of these projects such as the Paul Bunyan, Heartland, Munger, Luce Line, and Root River state trails. These partially completed trails incur costs during the interim without enjoying the economic benefits that could result once full development takes place. These legislatively mandated trails were once looked upon as regional and sometimes locally significant projects, but with the large number of bicyclists in Minnesota *(over 2.5 million)* and the increase in in-line skating *(estimated at 800,000)*, along with the interest in health and fitness, the significance goes beyond these local areas. Because of the immediate benefits that have been realized by these trails, the projects within this proposal have been strongly supported locally and, in some cases, the original authorization was locally initiated. The whole state benefits from these trails when they are completed by expanding the tourism base of the state and providing recreational facilities that promote health and fitness.

All projects meet demonstrated recreational needs. Customer service will be improved by adding services where none now exist. The extensions requested here will allow other communities in the area to benefit from the trail, plus improve the quality of service offered trail users.

Some of these trails are already supporting significant recreational use according to the results of our past surveys.

Project START

Minnesota's outdoor recreation opportunities and experiences are often not available to people with disabilities in state parks, state forests, wildlife management areas, scientific and natural areas, and on state trails because of various types of mobility obstacles. Where financially feasible and consistent with outdoor recreation area management objectives, these mobility obstacles should be eliminated.

Feasibility, consistency, and prioritization criteria include location of scenic and recreation features/attractions, existing natural setting (terrain, vegetation, soils, water) and degree of modifications/improvements required, current user patterns and preferences, and existing and potential trail use for interpretive purposes.

Project START meets the mandate of the 1995 Minnesota Legislature to prepare a five year plan to construct or modify at least one trail in every state park for accessibility to persons with disabilities. In addition, the partnerships developed through Project START between public agencies (DNR, Council of Disability, Trade and Economic Development, Department of Administration), non-profit organizations (Wilderness Inquiry, Vinland National Center), and outdoor recreation providers are long-term and very beneficial to all disability communities. Finally, with Project START, the state of Minnesota has a model program and is a nationwide leader in planning and providing for ADA accessible trails associated with the state's outstanding outdoor recreation areas, opportunities, and experiences.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

Budgets will be required to operate and maintain trail segments when they are completed. They will include labor salary, equipment, supplies and materials, etc. Exact costs are subject to the combination of trail uses served by the trail, the level of use that develops, length and intensity of the winter season, and location within the state.

Maintenance and operations costs for multi-use trails range from $7 hundred to $15 hundred per mile per year. This estimate is based on $5 hundred to $1 thousand per mile per year for warm season trail maintenance, plus $2 hundred to $5 hundred 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:

Because of their location and high-quality attractions, these trails offer great potential for return on state funds. These trails support year-round, intensive use. They have regional reputations, enjoy local governmental support, and support from citizens. Also, most of these projects qualify for federal Intermodal Surface Transportation Efficiency Act (ISTEA) match dollars. Those projects, where feasible and practical, will be submitted for federal funds. Projects that already have received federal funds include the Luce Line, Willard Munger, and Heartland state trails. 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.

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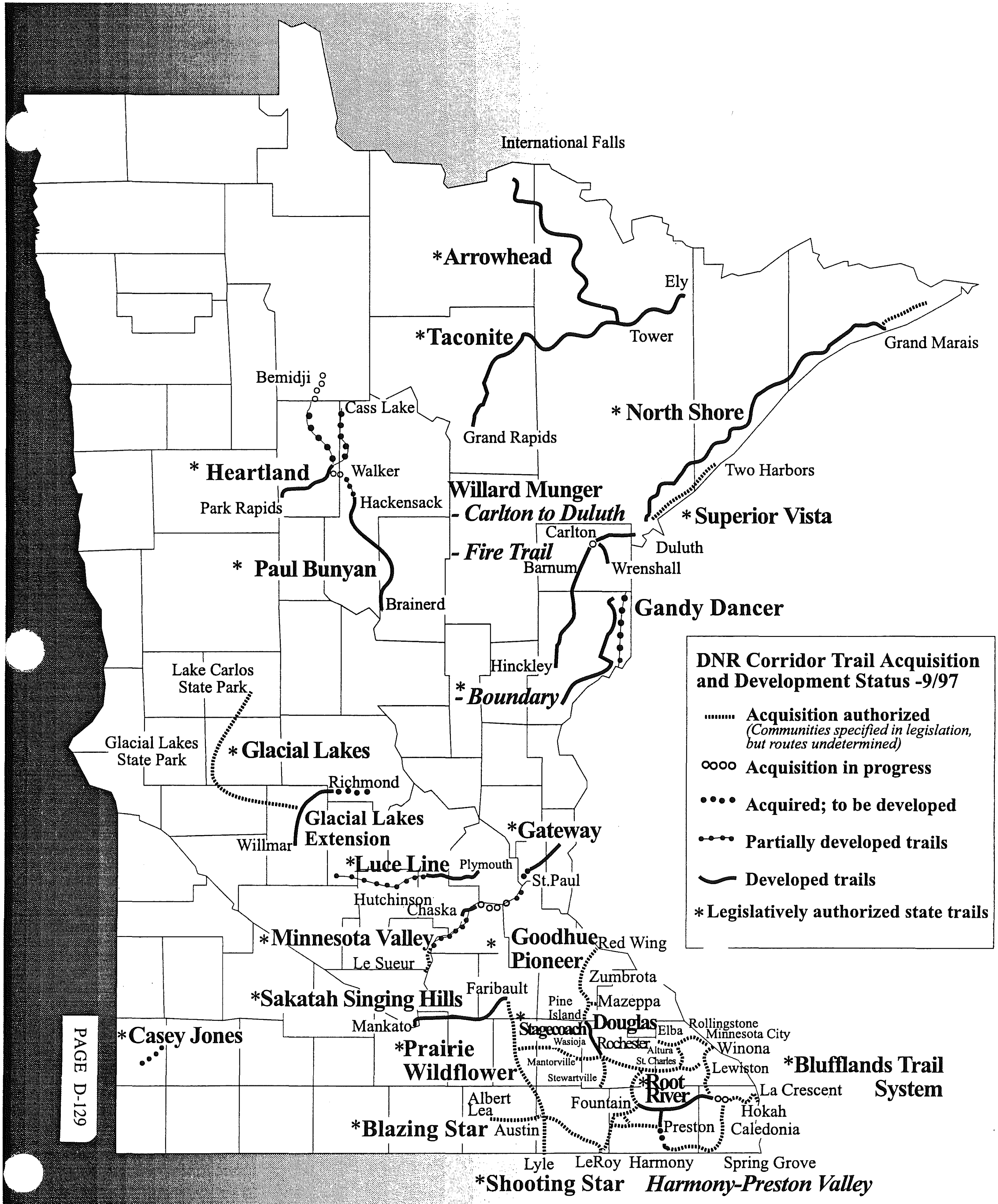
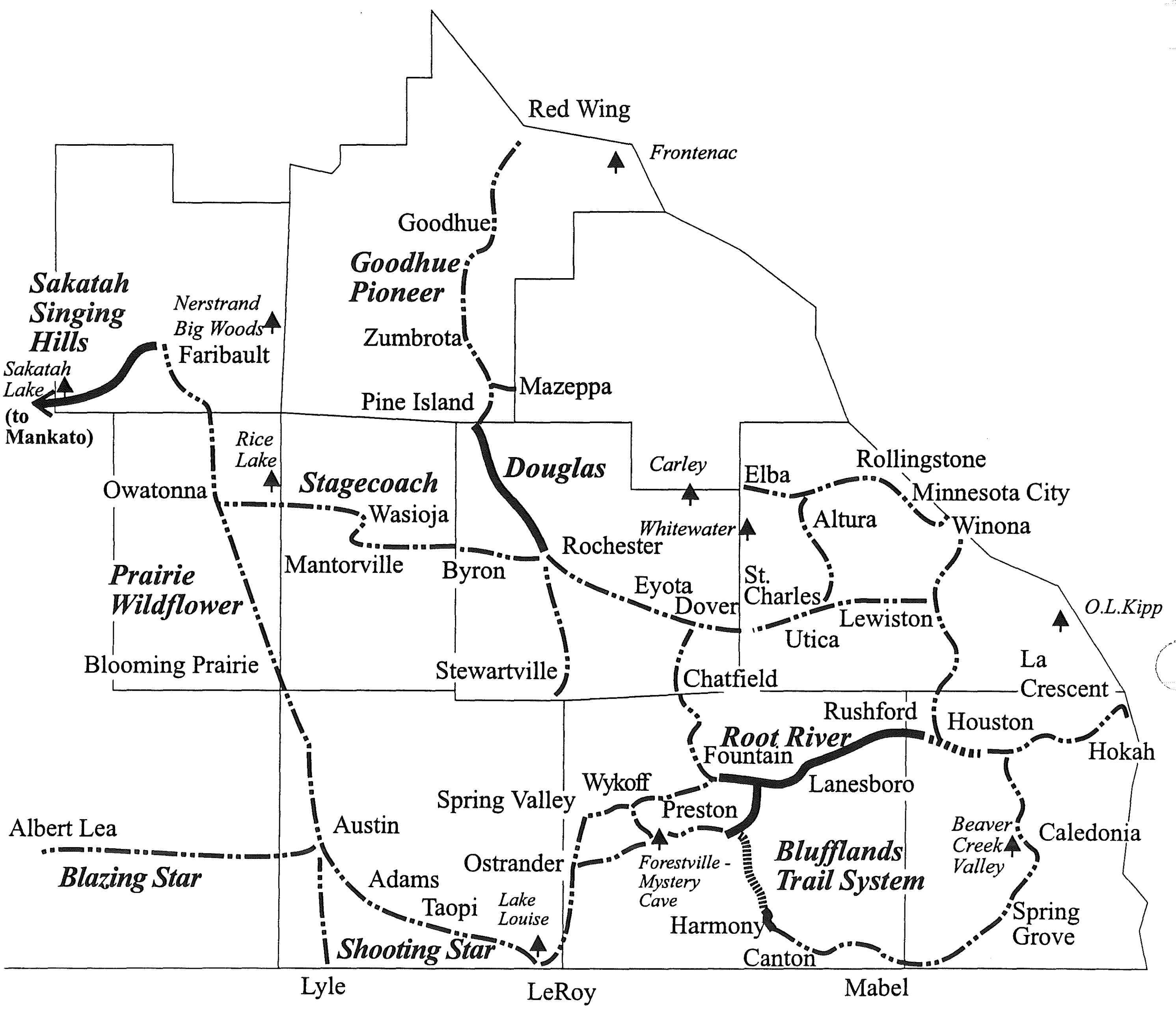


Minnesota Department of Natural Resources

Trails and Waterways Unit - 9/97

Trails in Southeast Minnesota



Existing and Proposed Trails in Southeast Minnesota - 6/97

- Acquisition authorized by Legislature for state trail - (Communities specified in legislation, but route undetermined)
- Acquisition in progress for state trail
- Development in progress for state trail
- Developed state trails
- ▲ State Parks

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/1998	06/1999
Land, Land and Easements, Options		$650	$550	$0	$0	$1,200		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	650	550	0	0	1,200		
2. Predesign	**SUBTOTAL**	0	250	0	0	250	07/1998	06/2000
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		2,250	900	0	0	3,150	07/1998	12/1999
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	2,250	900	0	0	3,150		
4. Project Management							07/1998	06/2000
State Staff Project Management		675	450	0	0	1,125		
Construction Management		0	0	0	0	0		
	SUBTOTAL	675	450	0	0	1,125		
5. Construction Costs							07/1998	06/2000
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		9,704	10,300	5,000	5,000	30,004		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	9,704	10,300	5,000	5,000	30,004		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$13,279	$12,450	$5,000	$5,000	$35,729		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	9,778	12,000	5,000	5,000	31,778
General Fund Projects	670	450	0	0	1,120
Env & Natural Resoures	2,777	0	0	0	2,777
Minnesota Resources	54	0	0	0	54
State Funds Subtotal	13,279	12,450	5,000	5,000	35,729
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	**13,279**	**12,450**	**5,000**	**5,000**	**35,729**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	2,100	2,253	2,253	2,253	2,253
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	2,100	2,253	2,253	2,253	2,253
Revenue Offsets	0	0	0	0	0
TOTAL	**2,100**	**2,253**	**2,253**	**2,253**	**2,253**
Change from Current FY 1998-99		153	153	153	153
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
94' Chapter 643, Section 23, Subd. 21	4,778
96' Chapter 463, Section 7, Subd. 12	4,000
93' Chapter 172, Section 14, Subd. 10 (d) (g)	2,581
92' Chapter 558, Section 18, Subd. 6	1,000
97' Chapter 216, Section 5, Subd. 6	670
95' Chapter 20, Section 19, Subd. 4(c)	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	**Amount**	**Percent of Total**
General Fund	12,000	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

This project significantly increases the total miles of state trails. The maintenance costs associated with new trail construction has not been appropriated at the same pace as construction funding. Consideration should be given to a budget increase for trail maintenance in DNR's 2000-2001 biennial budget.

Governor's Recommendation:

The Governor recommends general obligation bonding of $12 million and a general fund appropriation of $450 thousand for this project. Also included are budget planning estimates of $5 million in 2000 and $5 million in 2002.

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	50
TOTAL	**700 Maximum**	**225**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 16 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,800

PROJECT DESCRIPTION:

Some of Minnesota's prettiest and healthiest places are its streams and rivers, running through lush valleys, steep gorges and flattened till plains. But these waters, and the rich fisheries that they support, are being ruined as stream banks cave in and silt washes in from the surrounding countryside. At the same time, recreational use of rivers and streams is growing, while off-stream demands for water use to support agriculture, waste disposal, transportation, and industry have increased three times faster than our population growth. As Minnesotans call for cleaner, healthier river systems, the state needs to show leadership in protecting and restoring these valued resources. This habitat initiative is for $1.5 million in general obligation bonding and $300 thousand from the General Fund for the following:

Stream Protection - $800 thousand; $140 thousand General Fund:

- Acquisition of Easements and Aquatic Management Areas on Streams

  In accordance with the department's strategic plan *Directions*, $800 thousand in funds are requested for acquisition of easements and aquatic management areas on streams for fisheries management purposes.

- Establish protected water flows on Minnesota streams

  Streams and the fish and wildlife habitat in them are a product of water flows (i.e., the amount of water flowing through a stream corridor). When we preserve water flows, we contribute to the protection of aquatic communities within streams and the aesthetic and recreational opportunities they provide. Off-stream demand for water, however, continues to grow and outpace population growth. Funds are requested to develop protected flow recommendations that are biologically valid and can be related to trade-off analysis between in-stream and off-stream uses.

Stream Restoration - $700 thousand; $160 thousand General Fund:

Minnesota has the opportunity to restore the ecological and economic benefits of two highly degraded river systems, if it invests the time and energy to understand and work with a wide range of interests to restore important river characteristics. Funds are requested to support river restoration expertise and its application to the Whitewater River (in southeast Minnesota) and the Sandy River (in northeast Minnesota). The restoration of these river channels will improve property values, fish and wildlife habitat, water quality, and water availability, while at the same time reducing erosion and downstream flooding.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision and provides the framework for guiding budget investment decisions. Stream protection and restoration efforts are a direct step toward implementing the Department of Natural Resources 2 strategic goals and several of its strategies. The department's 2 strategic goals are 1) "*to maintain, enhance, or restore the health of Minnesota ecosystems so that they can continue to serve environmental, social and economic purposes*" and 2) "*to foster an ethic of natural resource stewardship among all Minnesotans.*" Three important strategies the department is focused on implementing with this initiative are 1) "*accelerate the collection, interpretation, and dissemination of scientific information describing Minnesota's ecosystems,*" 2) "*expand efforts to provide technical assistance to citizens and local government,*" and 3) "*improve communication with all stakeholders and citizens.*"

Stream Protection

- Acquisition of Easements and Aquatic Management Areas on Streams

  Fisheries stream acquisition projects are included in the department's 6-year strategic plans and are identified in the state's 6-year planning estimates.

  Fishing is the foundation of Minnesota's tourism industry, providing more than $900 million annually in direct expenditures. Minnesota has about 1.6 million licensed anglers and 5,363 lakes and 1,561 streams that provide fishing. Fisheries acquisition projects provide recreational angling opportunities across the state and help maintain sustainable fisheries resources by protecting and improving fish habitat.

  Acquisition of trout stream easements has been the most important component of the fisheries acquisition program. Trout streams are considered by the public to be a precious state resource and are highly vulnerable to degradation. Easements provide environmental protection of the riparian zone and angler access. Easements also provide access for DNR personnel and constituent cooperators to participate in trout habitat improvement projects.

  Acquisition of aquatic management areas is a new component of the fisheries acquisition program. Aquatic management areas (AMA's) were authorized by the 1992 legislature as part of the Outdoor Recreation System. AMA's are intended to protect critical fisheries habitats such as sensitive riparian areas. Areas targeted will include unique or important habitats such as fish spawning areas and springs. Critical spring areas along trout streams have been adversely impacted in some cases and need protection to enhance water quality.

The long range goal for fisheries acquisition is to acquire approximately 1,000 miles of easements and AMA's on streams. There are currently about 205 miles of trout stream easements, 0.3 miles of easements on warmwater streams, and 0.6 miles of AMA's on warmwater streams. The goal through F.Y. 2003 is to acquire an additional 75 miles at a cost of about $1.5 million.

- Establish protected water flows on Minnesota streams

Minnesota needs to invest the time and energy to protect water flows in Minnesota streams in ecologically, economically, and socially valid ways. ("Water flows" is a term used to describe the amount of water flowing through a stream corridor.) Water flows are the single most important factor in creating fish and wildlife habitat. Demand for water by industrial, agricultural, and residential users continues to increase. These demands can alter water flows significantly. When we understand and protect water flows, we protect aquatic communities and the recreational and economic benefits they provide for present and future generations. To protect water flows, citizens must understand and appreciate the amount of water that needs to be left in the streams to provide healthy fish and aquatic communities. Citizens and local governments must work together with resource managers to understand stream ecology and protect the economic and social benefits of healthy streams.

Since July 1991, the DNR has worked to establish protected water flow recommendations that are ecologically, economically, and socially valid with funding from the Legislative Commission on Minnesota Resources (LCMR). The method we are using establishes relationships between water flow and habitat for each stream. This method is the most scientifically recognized and widely used instream flow technique in North America.

This work requires a long-term commitment to collect and analyze information and develop protected flows for each of the 39 major watersheds in Minnesota. By July of 1998, we will have completed 8 watershed reports under the LCMR funding. These reports will be the prototypes for our continuing work under this proposal.

The LCMR has recognized the importance of this work and has provided financial support for 3 bienniums. In August of 1994, the LCMR recommended to the 1995 Legislature that this work be funded as part of the agency's standard operations. By this action the commission recognized that the activities of this program are integral not only to Minnesota's future water management policies, but also to Minnesota's economic and social prosperity.

Stream Restoration - $700 thousand; $160 thousand General Fund

During the 20th century, Minnesotans have widened, straightened, cleared, ditched, lined, dammed and otherwise tried to control rivers, for various reasons. There is a tremendous diversity of interest groups and disciplines working with rivers, and citizens expect rivers to provide optimum water resource values. It is essential that the DNR collect, analyze and communicate important river information in understandable ways, and that we work together with all of the various river interests to understand, protect, and restore the ecological, economic, and social benefits of healthy streams.

It is widely recognized that channelized or otherwise highly degraded rivers must have their physical and biological functions restored if they are to again be sustainable, healthy systems. Specific knowledge of river morphology and channel behavior is required to do this work, and this proposal will support the development and application of that kind of specific knowledge.

Minnesota has the opportunity to restore the ecological and economic benefits of portions of 2 highly degraded river systems. The Whitewater River (in southeast Minnesota) and the Sandy River (in northeast Minnesota) need to be restored to their natural channel forms. This restoration will improve property values, fish and wildlife habitat, water quality, and water availability, while at the same time reducing erosion and downstream flooding.

- *Whitewater River*

This trout stream flows to the Mississippi River at Weaver Bottoms, in the southeast portion of the state. Although the Whitewater River has been degraded by farming practices in the 1930's and 1940's, it provides a premier brown trout fishery along much of its length. A lower segment of the river, within the Whitewater Wildlife Management Area, was channelized in the 1950's for flood control. This resulted in increased sedimentation in Weaver Bottoms, an important habitat area of the Mississippi River approximately 5 miles downstream from the project site. Recent investigations indicate that the channelized portion of the river supports a much lower biomass and diversity of fish than does upstream, unchannelized segments of the river.

The Department has been working with an interdisciplinary partnership to complete a design for returning 2¼ miles of channelized river to a natural, stable channel. The Soil and Water Conservation Districts for both Winona and Wabasha counties, the Natural Resources Conservation Service, US Fish and Wildlife Service, US Army Corps of Engineers, and Minnesota Pollution Control Agency and MN DOT have been all involved in designing this project.

The benefits of this interagency project include improved property values, fish and wildlife habitat, water quality, and water availability, while at the same time reducing erosion and downstream flooding.

- *Sandy River*

Big Sandy Lake, one of the state's largest lake recreational resources has exhibited considerable fluctuations in water runoff quantity and quality. It has water quality that is worse than about 90 percent of the lakes of the ecoregion. The Big Sandy Area Watershed Study conducted an intensive monitoring and assessment program of the lake and 413 square mile watershed complex.

The monitoring studies point to the channelized Sandy River as a primary culprit in degrading water quality in Big Sandy Lake. The highest total phosphorus and total suspended solids concentrations were monitored in the Sandy River subwatershed. The largest single problem within the watershed is the increased loss of sediment and nutrients associated with ditching of the Sandy River.

Under this request, the DNR would work with the Big Sandy Area Lakes Watershed Management Project to restore the channelized portions of the Sandy River to its historic channel. As with the Whitewater Project above, the benefits of this restoration over the current channel include improved property values, fish and wildlife habitat, and water quality.

(The Big Sandy Area Lakes Watershed Management Project is a voluntary, cooperative, grass roots effort of citizens, local decision makers, governmental units, and agencies in promoting protection of natural resources. The purpose of the overall project on Big Sandy Watershed is to provide a local mechanism to encourage a partnership which promotes greater protection of the esthetic, economic and recreational values of lakes, streams and shoreland.)

PREVIOUS PROJECT FUNDING

Stream Protection

Acquisition of Easement and Aquatic Management Areas on Streams: Fisheries Acquisition Appropriation History (in $000):

M.L. 1985, 1SS, Chapter 15	$ 90	Bonding
M.L. 1987, Chapter 400	100	Bonding
M.L. 1990, Chapter 610	201	Bonding
M.L. 1993, Chapter 172	300	Bonding
M.L. 1995, Chapter 200	300	Environmental Trust Fund
M.L. 1995, 1SS, Chapter 2	1,500	Environmental Trust Fund
M.L. 1996, Chapter 463	300	Bonding
M.L. 1997, Chapter 216	567	Environmental Trust Fund

Establish protected water flows on Minnesota streams: Funding history for the Stream Flow Protection Program (in $000):

	FY 92-93	FY 94-95	FY 96-97	FY 98-99
LCMR		$280	$215	$225
Other State:				
Water Recreation	$292			
General Fund		$227	$227	$227
Game & Fish Fund			$136	$136
Total	$292	$507	$578	$588

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes an investment of $300 thousand from the general fund in each of the next two biennia for the stream protection and restoration initiative.

OTHER CONSIDERATIONS:

Stream Protection

Acquisition of Easements and Aquatic Management Areas on Streams

In recent years, the section of fisheries has spent an average of about $100 thousand out of their annual operating budget on fisheries acquisition. This money has been used primarily to fund salaries of agency personnel involved in the acquisition process. Fisheries has depended on funds from capital bonding and the Environmental Trust Fund for the acquisition program. If the Section of Fisheries had to spend more of its operating budget on acquisition, it would be at the expense of other fisheries programs such as habitat improvement, lake and stream survey and monitoring, fish culture and stocking, research, and aquatic education.

Acquisition priorities are based on professional judgement of field managers. These staff consider a number of factors when proposing the purchase of a parcel(s). Initially, for a project to be eligible, it must meet one or more of the following criteria described in M.S. 86A. 05, subd. 14 (AMA component of Outdoor Recreation Act, M.S. 86A.05):

- Does the parcel(s) provide angler or management access?
- Does the parcel(s) protect fish spawning, rearing or other unique habitat?

- Is critical shoreline habitat protected?
- Does the parcel(s) protect aquatic wildlife feeding and nesting areas?
- Does the parcel(s) provide a site for research on natural history?

Field staff then consider the relative importance of a project by considering the following criteria used to evaluate critical natural habitat under Minnesota Rule 6210.0400, subp. 1:

- Is the threat of habitat destruction likely if the parcel(s) is not purchased?
- What is the amount of this habitat available particularly in respect to projected losses?
- Is the parcel(s) within or adjacent to an existing management unit or other existing state lands or waters?

These criteria are considered to assign the relative ranking of a project. Field managers apply professional judgement to insure rankings are realistic particularly when evaluating a number of proposed acquisitions. Proposed projects are submitted for inclusion on a statewide database.

Priority acquisitions are identified on a project unit map. Within this area, parcel ownerships and estimated costs for acquisitions are listed. After the initial acquisition proposal for a lake or stream is approved, Fisheries representatives contact individual landowners to determine willingness to sell an easement or fee title interest in their property. If a landowner is not willing to sell, he/she may be contacted at future dates to determine potential ownership. Periodically, a landowner contacts the Fisheries Section regarding DNR interest to purchase land. This may also occur when other landowners have informed neighbors of the acquisition program. Because the program is dependent on willing sellers, flexibility is necessary to acquire property when an opportunity is presented.

Questions often arise as to why fisheries does not prioritize individual acquisition projects and systematically work down the priority list. In order to understand the process used for fisheries acquisition it is important to recognize some of the unique aspects of the program:

- Fisheries acquisition consists primarily of relatively small parcels.
- The Fisheries Section has no staff directed specifically at acquisition; therefore, administrative tasks associated with acquisition are accomplished bypersonnel with many other job duties.
- Many of the landowners adjacent to desired parcels have been contacted multiple times and continued contacts would be unproductive.
- Willing sellers often become available on short notice with changes in land ownership or an individual's financial status.

A typical fisheries acquisition appropriation of $500 thousand would allow the purchase of 10 to 15 parcels. If the Fisheries Section tried to develop a prioritized list of 10 to 15 parcels before requesting an appropriation, it would take a lot of directed staff effort to identify the most likely willing sellers on the top parcels. More importantly, once the appropriation was made unforseen opportunities would undoubtedly arise to purchase important parcels not included on the list.

Instead of a short prioritized list, the Fisheries Section uses the aforementioned criteria to identify the most valuable acquisition sites statewide. Fisheries then targets their acquisition effort and dollars at parcels contained on this list. This process has enabled the Fisheries Section to concentrate their limited resources on the high quality parcels and take advantage of opportunities that arise on short notice, all with a minimum of effort by fisheries staff.

Establish protected water flows on Minnesota streams.

None

Stream Restoration

None

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

Stream Protection

Acquisition of Easements and Aquatic Management Areas on Streams

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Establishment of Protected Water Flows in Minnesota streams

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Stream Restoration

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Fax: 296-1811
E-mail: ian.chisholm@dnr.state.mn.us

Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/1998	06/2000
Land, Land and Easements, Options	$0	$800	$0	$0	$800		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	800	0	0	800		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	0	300	140	140	580		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	300	140	140	580		
5. Construction Costs						07/1998	06/2000
Site & Building Preparation	0	700	0	0	700		
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		
SUBTOTAL	0	700	0	0	700		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	2,967	0	0	0	2,967		
GRAND TOTAL	$2,967	$1,800	$140	$140	$5,047		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,800	1,500	0	0	3,300
General Fund Projects	0	300	140	140	580
Env & Natural Resoures	1,167	0	0	0	1,167
State Funds Subtotal	2,967	1,800	140	140	5,047
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	**2,967**	**1,800**	**140**	**140**	**5,047**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	588	748	748	748	748
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	588	748	748	748	748
Revenue Offsets	0	0	0	0	0
TOTAL	**588**	**748**	**748**	**748**	**748**
Change from Current FY 1998-99		160	160	160	160
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
95' 1st Spec. Session Chapter 2, Section 5, Subd. 3	1,500
97' Chapter 216, Section 15, Subd. 17(m)	567
96' Chapter 643, Section 7, Subd. 20	300
95' Chapter 220, Section 19, Subd. 9(b)	300
93' Chapter 172, Section 14, Subd. 12(h)	300

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.5 million and a general fund appropriation of $300 thousand for this project. Also included are budget planning estimates of $140 thousand in 2000 and $140 thousand in 2002.

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	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**	**195**

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 17 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $3,500

PROJECT DESCRIPTION:

This request is for $3.5 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 1,500 acres per year. Lands will only be purchased from willing sellers at appraised values. Approximately 25 landowners in 18 different parks have expressed an interest in selling should funding become available. Delaying this acquisition until later will greatly increase the cost of this effort.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

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 67 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 and commercial developments and industrial uses such as gravel mining are examples of the conflicting uses that occur within park and recreation area 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 for Natural Resources 1997*, outlines the major goals and strategies for achieving the 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: Maintain, enhance, or restore the health of Minnesota's ecosystems so that they can continue to serve environmental, social, and economic purposes.*

The goal of the state park acquisition program is to purchase all private lands with the legislatively authorized state park and recreation boundaries that are offered for sale by willing sellers over the next 10 years. Of the 240,460 acres that are within authorized state park and recreation boundaries, approximately 10% or 24,000 acres are privately owned. It would cost approximately $24 million to acquire this private land.

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 state park and recreation areas. An example 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 user's 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.

PREVIOUS PROJECT FUNDING:

Funding for state park and recreation area land acquisition during the last 6 years has been received from both the Environment and Natural Resources Trust Fund and Bond Fund as follows (in $000):

M.L. 1992, Chapter 558	$ 600	Bonding
M.L. 1994, Chapter 643	2,000	Bonding
M.L. 1995, Chapter 220	2,190	Trust Fund
M.L. 1996, Chapter 463	1,750	Bonding
M.L. 1996, Chapter 407	1,000	Trust Fund
M.L. 1997, Chapter 216	2,500	Trust Fund
Total	$10,040	

All funds listed above have been expended in a timely manner. Only the 1997 appropriation remains for expenditure and will be liquidated by December 1998.

IMPACT ON 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 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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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/1998	06/2000
Land, Land and Easements, Options	$8,730	$3,043	$3,480	$3,480	$18,733		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	8,730	3,043	3,480	3,480	18,733		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	1,310	457	520	520	2,807		
Construction Management	0	0	0	0	0		
SUBTOTAL	1,310	457	520	520	2,807		
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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$10,040	$3,500	$4,000	$4,000	$21,540		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	4,350	3,500	4,000	4,000	15,850
Env & Natural Resoures	5,690	0	0	0	5,690
State Funds Subtotal	10,040	3,500	4,000	4,000	21,540
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	**10,040**	**3,500**	**4,000**	**4,000**	**21,540**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
97' Chapter 216, Section 15, Subd. 4 (a)	2,500
94' Chapter 643, Section 23, Subd. 25	2,000
96' Chapter 463, Section 7, Subd. 8	1,750
95' Chapter 220, Section 20, Subd. (a)	1,120
95' Chapter 220, Section 19, Subd. 4 (b)	1,070
96' Chapter 407, Section 8, Subd. 3 (b)	1,000
92' Chapter 558, Section 18, Subd. 10	600

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	3,500	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $3.5 million for this project. Also included are budget planning estimates of $4 million in 2000 and $4 million in 2002.

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	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**	**245**

Dollars in Thousands ($137,500 = $138 thousand)

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 18 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $800

PROJECT DESCRIPTION:

This request is for $800 thousand for state forest land acquisition.

The Department of Natural Resources (DNR) is a major land management agency in Minnesota. Forestry administers nearly 4.4 million acres of the roughly 5.3 million acres of DNR-administered land. Minnesota has 14.7 million acres of commercial forest land. These lands are about equally divided between public (53%) and private (47%) landowners. Forestry manages about 20% of the commercial forest land in Minnesota.

The six year strategic plan for this program includes the acquisition of parcels from the following list of 4,110 acres of private land from willing sellers within the existing boundaries of 9 state forests at an estimated cost of $4.328 million.

		($ in 000)
• R.J. Dorer Memorial Hardwood Forest	1,000 acres	$ 860
• Sand Dunes State Forest	520 acres	1,040
• Pillsbury State Forest	1,765 acres	1,600
• Crow Wing State Forest	493 acres	592
• Other State Forests	332 acres	236
Total	4,110 acres	$4,328

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The department's strategic plan report, *Directions for Natural Resources 1997*, outlines the major goals and strategies for achieving the DNR's vision and provides the framework for guiding budget investment decisions. This request supports the department's strategic plan, the *Minnesota Forest Resources Plan, Area Forest Resources Plans*, etc., for the acquisition of private in-holdings within existing management units.

State forest lands include a mix of large contiguous blocks and small isolated parcels. This checkerboard pattern of public land ownership is inefficient to manage. Dispersed ownership increases the costs of on-site management and in determining property corners, maintaining property lines, providing road access, and preventing trespass.

One objective of this request is to eliminate private in-holdings within the existing boundaries of a few state forests to provide more contiguous units for more efficient management and reduced mixed-ownership conflicts (e.g., trespass, conflicting land use). Larger, more contiguous blocks of state forest land are also important in addressing the conservation of biological diversity and to promote ecosystem-based management.

Land acquisition is undertaken on a case-by-case basis for specific purposes such as improving management efficiency, protecting key forest resources, and maintaining an adequate public forest resource base to provide for multiple-use forest values.

The land acquisition proposals contained in this capital budget request are in state forests where private in-holdings are susceptible to residential and commercial development and that receive heavy recreational use because of their proximity to expanding urban areas and tourist centers. Continued recreation and development pressures in these areas will make state forest land more and more valuable since opportunities for dispersed recreation are not available on private land and other public land.

Richard J. Dorer Memorial Hardwood Forest

- Thirty-eight thousand acres remain to be acquired in the R.J. Dorer Memorial Hardwood Forest at an estimated cost of $24 million. The six year acquisition plan for this state forest includes the purchase of 1,000 acres at a cost of $860 thousand. This level of acquisition is what realistically could be accomplished during this time period given the availability of willing sellers and the division's capacity for processing acquisitions. The 1979 acquisition plan identified the need for public ownership in southeastern Minnesota to enhance long-range stability of natural resources in the area; protect critical resources (e.g., soils, waters, and forests); provide public access to area forests; and demonstrate forest management. The 1988 *Lewiston Area Forest Resource Management Plan* stated the acquisition is particularly important at this time because lands previously purchased are beginning to reach their capacity for public recreation uses.

Sand Dunes State Forest

- The *Cambridge Area Forest Resource Management Plan* (March 1988) identified approximately 1,400 acres of privately owned land to acquire primarily to prevent future residential and commercial development pressures and to provide additional dispersed recreation and other forest-related resources within the boundaries of the Sand Dunes State Forest. The six year acquisition plan for this state forest includes the purchase of 520 acres at a cost of $1 million. Easy access to the adjoining public land and its closeness to the metropolitan area make private land within the boundaries of the forest a prime target for real estate speculation and residential development. Residential development has increased dramatically on private lands in recent years. Sherburne County is the fastest-growing county in the state according to the state demographer.

The fire potential in the Sand Dunes State Forest is high because of the conifer plantations surrounding the forest. The *Environmental Assessment for Sand Dunes State Forest* (1976) describes the impacts, social and physical, of acquiring nearly 2,000 acres of private land within the Sand Dunes State Forest. Much of the same rationale for purchasing private lands within the forest are presented in that document.

Pillsbury, Crow Wing and Other State Forests

- The primary emphasis for acquisition in other state forests is to acquire private land to minimize in-holdings within established blocks of state ownership and to form a more contiguous state ownership pattern within the forests. Private in-holdings lead to trespass problems for both the state and the private landowner. Private lands within State Forests are being subdivided and developed rapidly. Further residential development on private lands adjacent to and especially on in-holdings surrounded by state ownership would have severe impacts on the character of surrounding resources. This development, combined with increasing recreational use of public lands is creating conflict between land owners and forest visitors. Other criteria for acquisition include providing additional dispersed recreation opportunities, providing needed access for forest resource management and recreation, facilitating trail and road routing, and the protection of wetlands.

PREVIOUS PROJECT FUNDING:

Appropriations made for state forest land acquisition during the last 6 years include (in $000):

M.L. 1992, Chapter 558	385	Bonding
M.L. 1993, Chapter 373	60	Bonding
M.L. 1994, Chapter 643	250	Bonding
M.L. 1997, Chapter 216	400	Trust Fund
TOTAL	$1,095	

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The acquisition of approximately 700 acres of state forest lands will increase the payment in-lieu-taxes made under M.S. 477A.12. Also, the department annually distributes the income received from lands acquired for state forest purposes under M.S. 89.036 as follows: 50% to the county in which the income was derived; the remaining 50% is transferred to the General Fund.

OTHER CONSIDERATIONS:

Deferral of this project would result in continued inefficiencies in management and problems with encroachment, trespass, and conflicting land use. In state forests closer to population centers, deferral would likely result in increased residential development on private land within the forest boundary. Residential development on identified parcels would make future acquisition for resource management and recreation virtually impossible.

In addition, the subdivision of private land within blocks of state-owned land undermines the DNR's ability to manage the surrounding state land for the good of the general public (i.e., the owners of these private in-holdings often have a disproportionately large voice in how surrounding state lands are used and managed).

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

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/1998	06/2000
Land, Land and Easements, Options	$952	$700	$1,800	$1,800	$5,252		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	952	700	1,800	1,800	5,252		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	143	100	300	300	843		
Construction Management	0	0	0	0	0		
SUBTOTAL	143	100	300	300	843		
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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$1,095	$800	$2,100	$2,100	$6,095		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	695	800	2,100	2,100	5,695
Env & Natural Resoures	400	0	0	0	400
State Funds Subtotal	1,095	800	2,100	2,100	6,095
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	**1,095**	**800**	**2,100**	**2,100**	**6,095**

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	800	100.0%
User Financing	0	0.0%

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
97' Chapter 216, Section 15, Subd. 16a	400
92' Chapter 558, Section 18, Subd. 11	385
94' Chapter 643, Section 23, Subd. 26	250
93' Chapter 373, Section 12, Subd. 2	60

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $800 thousand for this project. Also included are budget planning estimates of $800 thousand in 2000 and $800 thousand in 2002.

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	25
TOTAL	**700 Maximum**	**200**

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Dollars in Thousands ($137,500 = $138 thousand)

PROJECT LOCATION: St. Louis, Lake, and Cook Counties.

AGENCY PROJECT PRIORITY: 19 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $5,300

PROJECT DESCRIPTION:

This request is for $5.3 million to design/develop protected public water access facilities at Taconite Harbor near Schroeder, and McQuade Road located in the city of Duluth, and Lakewood and Duluth townships; and safe harbor facilities at Two Harbors, and Knife River.

The Legislature established a safe harbors program for Lake Superior in 1993 (M.S. 86A.20). The law authorizes the Department of Natural Resources (DNR) to develop and operate, in cooperation with local units of government, small craft harbors in Knife River, Two Harbors, Silver Bay, Grand Marais, and Grand Portage. The DNR is also working with local governments under the authority of M.S. 97A.141 to develop protected public water access sites in other locations. The DNR has taken a leadership role on the North Shore by providing technical assistance, research, and grants to local communities to assist with the development of project proposals.

A protected water access site includes a harbor of refuge for boats in storms, a boat access, and associated amenities.

A safe harbor includes a harbor of refuge, boat access, dockage for boats, fueling station, sewage pumpout, and other site amenities.

Harbor Construction Funding Summary:
($ in 000's)

Project	Federal Funds	State Request	Local Match	Local Match Secured	Total State Funds Appropriated
Taconite	$1,500	$1,500	-0-	-0-	$400 (General Fund 1997)
McQuade	$150	$150	$350	$50	$500 (Bonding 1996)
Two Harbors	$3,500	$3,500	-0-	-0-	-0-
Knife River	$150	$150	-0-	-0-	

The projects all 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.

Taconite Harbor

Taconite Harbor will serve as a protected access and a harbor of refuge for fishing, recreational, and smaller commercial craft. The preliminary design includes about a 3-acre breakwater protected basin, 2 launch ramps, docks, and approximately 35 car/trailer and 15 car only parking spaces. The site will also include a walking trail, scenic lake overlook, information kiosks, and portable restrooms. The preliminary engineering/feasibility study has been completed.

The Taconite Harbor site was chosen after several years of study by the DNR and the Schroeder Citizen Advisory Group, which consists of the town of Schroeder, Cook County, the North Shore Management Board (NSMB), and the Sugarloaf Interpretive Center Association. The NSMB has chosen the Taconite Harbor Site as its number one priority. Resolutions of support were passed by Cook County and the town of Schroeder.

The local partnership that was formed will extend beyond the planning phase to include in-kind services during the development, operation, and maintenance of the facility. LTV Steel has leased the land to the DNR for one dollar per year for 50 years. This lease saved the state the cost of land acquisition. The operation, maintenance, and security of the facility will be provided cooperatively with the local units of government, again providing savings to the state.

The development costs are as follows: 1) breakwater, $3 million; and 2) roads, parking lot, walks, launch ramp, etc., $400 thousand. The $400 thousand in state funds was appropriated by the 1997 Legislature.

Federal funding has been appropriated to the Army Corps of Engineers for construction of the safe harbor on a 50/50 cost share basis with the state.

Two Harbors

The city of Two Harbors' Citizens Harbor Advisory Committee, the NSMB, Lake County, and the DNR have been working as partners to plan and site the safe harbor at Two Harbors. Resolutions of support have been provided by the city of Two Harbors, Lake County, and the NSMB.

This safe harbor will provide a protected access and a harbor of refuge for fishing, recreational, and commercial craft. This request will match federal funds on a 50/50 basis with the Army Corps of Engineers to construct a breakwater and provide for dredging for a safe harbor basin. This request will not fund amenities which are included in the local plan (the public access, dockage, gas, parking, etc). Excluded from this request is the rehabilitation of the existing boat access including upgrading the existing launch ramps from 2 to 3 lanes, dockage for 100+ boats, about 75 car/trailer and 100 car parking spaces, a fuel dock, etc.

Development costs are as follows: 1) breakwater and basin excavation, $7.0 million; and 2) roads, parking lots, dockage, and other amenities, $2.0 million funded by state and other non-state funds.

McQuade Road

This site 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.

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, 4 launch ramps, 3 docks, 90 car/trailer, and 35 car only parking spaces. It will also have restrooms, walking paths, benches, fishing piers, a fish cleaning station, public information, and native vegetative plantings.

Development costs are as follows: 1) breakwaters, $2.3 million; and 2) roads, parking lots, launch ramps, walkways, benches, etc., $2.4 million.

In the 1994 Capital Budget, the Legislature appropriated $500 thousand for this project with a required $350 thousand match in non-state funds; $50 thousand of the non-state funding is in place. In 1996 the required match was reduced to $300 thousand.

Federal funds of $150 thousand have been appropriated to the Army Corps of Engineers.

Knife River

Lake County and the Knife River Marina Board have requested the DNR's assistance with planning and design of this authorized safe harbor. The project is in the early design stage.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The basis for these requests is the *North Shore Harbors Plan*. The *Plan* recommends a system of harbors and boat accesses on Lake Superior and suggests that local units of government take the lead with planning. Monies from the Legislative Commission on Minnesota Resources (LCMR) funded the *North Shore Harbors Plan* in 1989 to identify feasible safe harbors and boat accesses along the North Shore. The plan was completed in 1990 and approved by all of the local units of government, the DNR, the NSMB, and the LCMR in 1991.

The Harbors Act, M.S. 86A.20 which authorizes the program was passed in 1993. The first safe harbor funded by the state, federal government, the Iron Range Resource and Rehabilitation Board, and the city of Silver Bay is currently being constructed at Silver Bay, with construction scheduled to be completed in 1998. State funding was LCMR and Bonding. In addition, Congress authorized into law McQuade Road, Knife River, Two Harbors and Taconite Harbor as federal harbors of refuge. Federal funds for these projects have been requested.

Safety

Currently, there are no small craft safe harbors along the North Shore of Lake Superior between Knife River and Grand Marais, a distance of about 90 miles. Silver Bay, when completed, will reduce the distance. But even then, the interval will not meet the recommended safe harbor standards used by Wisconsin, Michigan, and the U.S. Army Corps of Engineers. Wisconsin's recommended distance interval is 10 to 15 miles, while the U.S. Army Corps' and Michigan's standard interval is 30 miles between facilities. The lack of safe harbors, protected launching and retrieval facilities is a major barrier to boating, fishing, and small craft commercial operations.

The North Shore of Lake Superior with its rocky shoreline, frequency of unexpected and violent storms, and extremely cold waters (anyone in the water will quickly succumb to hypothermia), is the most dangerous coast on the Great Lakes. Small craft traveling the shore or using the few existing unprotected accesses must look to the three commercial ore boat harbors or the few natural cove areas for protection. These emergency refuge sites are still very dangerous because of high waves within these basins during storms.

The number of small craft boaters on Lake Superior has increased significantly in the past decade. During that time, few improvements have been made to enhance the safety of these users. The *North Shore Harbors Plan* addressed the issue of boating safety on Lake Superior and outlined steps to meet this need.

The need for the system of harbors and protected accesses on Lake Superior is documented by the University of Minnesota's survey of boat owners and surveys done by the NSMB. The University of Minnesota's survey showed that 44% of Minnesota's boat owners would like to boat or boat more often on Lake Superior. However, boaters cited safety concerns and limited lake access as barriers to their ability to boat on Lake Superior.

The use of Lake Superior by small craft and tour boats will continue to increase and without the Safe Harbors Program, the danger to the users and the people of Minnesota will only increase. Safe harbors are a necessity if we are to protect the boating, fishing, diving, and touring public of Minnesota and the Lake Superior region.

Strategic Linkage

Consistent with the department's direction, boating, fishing, and diving on Lake Superior are sustainable uses of natural resources that benefit the state's residents, both economically and socially. Over the years, millions of dollars have been spent on the DNR's Lake Superior fish management program. Since parts of the lake are far from existing harbors and accesses, this program will improve access to the fisheries resource and to Lake Superior and its other resources.

This program also presents an opportunity to positively influence the land-use patterns on the North Shore by helping to concentrate recreational and associated development in existing communities and developed areas. The safe harbors project enjoys wide support from those interested in sustainable development along the North Shore.

In addition, this program also presents the opportunity to diversify the economy in the identified communities, many of which rely heavily on the forest and mining industries. Safe harbors will be a catalyst for expansion of existing businesses and development of other new tourist-related businesses and may weigh heavily in the locating decisions of any potential new industry.

These projects were developed using a process that starts with a citizen advisory committee in the local community. This committee informs, educates, advises, and seeks support of the local and regional governments and advisory boards. The process concludes with submittal of the project to the DNR for approval. All projects in this request were developed with the support of the local unit(s) of government and the DNR as technical advisor.

The North Shore of Lake Superior is a resource that has seen a tremendous increase in tourism and development in the last decade. This increase in use has begun to put the resource under great pressure from human activity. Surveys have shown considerable demand among the boating, fishing, diving, and tourism communities for additional safe access. This demand is being driven by a rebound in the fisheries resource and the discovery of the North Shore by tourists. The demand for commercial tour boats focusing on the scenic resource and ship wrecks has also increased, and with this demand comes the need for further safe harbors.

User/Non-State Financing/Economic Impacts

Economic benefits will come from increased employment available from services needed and provided to visiting boaters. Locally, lodging, fuel, food, repairs, and services will be needed. Regionally and statewide, boats, trailers, tow vehicles, supplies, tackle, and recreational equipment will be purchased. Enhanced boating and fishing opportunities will increase the use of the North Shore by tourists from Wisconsin and Michigan, as well as Minnesota. More importantly, it will bring Minnesota's own citizens back from Michigan and Wisconsin facilities to those in Minnesota.

Harbors can sustain themselves economically after the initial investments in non-revenue producing structures (breakwater and basin construction) are in place. They also encourage economic growth nearby, while satisfying the need for safety on the lake. It is estimated that the economic impact of operating the harbor system will average over $1.2 million per year and sustain the equivalent of 30 full-time jobs after construction is complete. Prior to that, the economic projections for the Silver Bay and Knife River projects indicate that construction and reconstruction is expected to have over $3.5 million total effect on the local economy and require over 60 full-time employees (FTEs). Estimates of new income generated range from $3.00 to $6.00 for every dollar invested.

Funding and contributions to these requests from non-state sources will be diverse and unique to each project. Harbor projects are eligible for up to 50% cost-share financing from the federal government. This cost-share can be used for breakwater, dredging, channel and basin construction. The Silver Bay safe harbor project has received funds from the state, the federal government, the Iron Range Resources and Rehabilitation Board, and the city of Silver Bay, in addition to the LCMR and state bonding. The Taconite Harbor project has received land at essentially no cost and will receive in-kind services from the town of Schroeder.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

All projects will be supported by user financing. Safe harbor projects will be operated and maintained by funds generated by boat slip rentals and the sale of marine fuel and services. Funds that exceed operational costs will be dedicated to long-term improvements, maintenance, and operation of the entire system. Even though Taconite Harbor is a non-pay facility, it is an integral part of the North Shore harbor system and, therefore, will be the recipient of revenues generated in other fee-based facilities. Users also directly support these facilities with their registration fees and gasoline taxes that are dedicated to the Water Recreation Account.

OTHER CONSIDERATIONS:

Taconite Harbor, Knife River, McQuade Road, and Two Harbors have been included in prior 6-year plans. The F.Y. 2000-01 request will include a harbor entrance reconfiguration, public water access, and other safety improvements at the Knife River Marina ($3.0 million).

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Natural Resources, Department of
Lake Superior Safe Harbors

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

Project Cost

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	0	0	0	0	0		
3. Design Fees								
Schematic		0	0	0	0	0		
Design Development		580	820	750	750	2,900	07/1998	06/2000
Contract Documents		0	0	0	0	0		
Construction Administration		0	0	0	0	0		
	SUBTOTAL	580	820	750	750	2,900		
4. Project Management							07/1998	06/2000
State Staff Project Management		597	820	750	750	2,917		
Construction Management		0	0	0	0	0		
	SUBTOTAL	597	820	750	750	2,917		
5. Construction Costs							07/1998	06/2000
Site & Building Preparation		0	0	0	0	0		
Demolition/Decommissioning		0	0	0	0	0		
Construction		0	0	0	0	0		
Infrastructure/Roads/Utilities		7,073	9,310	8,500	8,500	33,383		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	7,073	9,310	8,500	8,500	33,383		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	0	0	0	0		
	GRAND TOTAL	$8,250	$10,950	$10,000	$10,000	$39,200		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,700	5,300	5,000	5,000	18,000
Minnesota Resources	2,000	0	0	0	2,000
IRRRB	500	0	0	0	500
General	400	0	0	0	400
State Funds Subtotal	5,600	5,300	5,000	5,000	20,900
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	2,600	5,300	5,000	5,000	17,900
Local Government Funds	50	350	0	0	400
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**8,250**	**10,950**	**10,000**	**10,000**	**39,200**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	500	500	500	500	500
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	500	500	500	500	500
Revenue Offsets	0	0	0	0	0
TOTAL	**500**	**500**	**500**	**500**	**500**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
94' Chapter 643, Section 23, Subd.27	2,200
93' Chapter 172, Section 14, Subd.10 (o)	1,000
94' Chapter 632, Section 6	1,000
96' Chapter 463, Section 7, Subd.24	500
95' Chapter 224, Section 92 (IRRRB)	500
97' Chapter 216, Section 5, Subd. 6	400

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	**Amount**	**Percent of Total**
General Fund	5,300	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

According to the narrative, the McQuade Road non-state match has not yet been made. Approximately $100 thousand is still needed.

Governor's Recommendation:

The Governor recommends general obligation bonding of $5.3 million for this project, contingent upon federal funds of $5.3 million and local government funds of $350 thousand. Also included are budget planning estimates of $5 million in 2000 and $5 million in 2002.

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	25
User and Non-State Financing	0-100	25
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**	**220**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 20 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $4,550

PROJECT DESCRIPTION:

Minnesota's abundance of wildlife and quality wildlife habitat exerts a powerful influence on the state's economy. Past partnerships between state government and private conservationists have paid off by producing some of the best wildlife-based recreation in the country. But, the natural foundation upon which so much of our state's outdoor heritage depends will not hold up without ongoing stewardship and careful inventory and monitoring to assure its health. This habitat initiative is for $1.45 million in general obligation bonding and $3.1 million from the General Fund for the following:

- **Winter Wildlife Habitat Development - $1.2 million Bonding:**

  In Minnesota's farming areas, wildlife has to survive a severe or very severe winter on average every five years. The only way to be ready for the bad years is to have adequate cover and food areas available every year. Planting trees and shrubs in key farmland areas will give pheasants and other grassland wildlife places to survive brutal winter wind, cold, and snow. Expected outcomes are:
  - Mapping locations of known and potential pheasant wintering areas
  - Establishment of 125 5-acre woody cover plantings
  - Enhancing and establishing farmstead shelter belts
  - Wetland restoration in critical pheasant wintering areas
  - Establishing dependable food sources

- **Private Land Cost Share, Wildlife - $750 thousand General Fund:**

  Minnesota's private landowners provide the only available habitat on over 90% of the land ownership in the agricultural areas of the state. This initiative will provide financial incentives and technical advice to landowners who wish to provide or improve wildlife habitat on their land. Expected outcomes are:

  - Provide financial incentives and technical advice to landowners for wildlife habitat improvement
  - Accelerate private lands cost sharing for woody cover, nesting cover, wetland restoration and food plots
  - Prescribed burning program on private grasslands and brushlands

- **Private Land Cost Share, Forest Lands - $400 thousand General Fund**

  Private (non-industrial) landowners own 6 million acres or 40% of the forest land in Minnesota. This initiative will provide funds for cost-sharing land management practices which have been previously prescribed in Forest Stewardship plans prepared for individual non-industrial private landowners. Practices to be cost shared include habitat enhancement, water quality improvement, and reforestation. Land owners are required to pay 35-50% of the total practice cost. Expected outcomes are:

  - 8,500 acres of forest habitat improvement, reforestation, and water quality protection projects on non-industrial private forest lands with matching funds.
  - Cost-sharing and associated technical assistance will have a direct influence on the sustainable management of all forest lands in the state.
  - Cost-sharing of specific land management practices increases landowner awareness of water quality best management practices (BMPs) and their importance to sustainable forest management.

- **Brushlands and Forest Wildlife - $250 thousand Bonding; $1.25 million General Fund:**

  This could be Minnesota's last chance to save dwindling numbers of sharptailed grouse and help the more than 100 species of other birds that depend on open brushland ecosystems in forest areas. Without restoration and proper management, these brushlands will continue to decline in quantity and quality, with concomitant declines in wildlife associated with this type of habitat. Other critical forest wildlife habitats are also in increasing need of management due to accelerated harvesting of timber and pulpwood and the need to more intensively manage declining elements of the forest such as older forests. This project will improve high priority brushland ecosystems and forest wildlife habitat on public lands across northern Minnesota for sharp-tailed grouse, moose, deer, and many other species dependant on these areas. It will be accomplished by increasing wildlife involvement in forest management planning processes that affect 1 million acres annually, developing and maintaining brushland and forest habitat projects on public lands; and establishing firebreaks and managing public lands habitats with prescribed fire. Expected outcomes are:

  - Increased coordination on public forest lands
  - Technical and financial assistance to land owners (8,000 acres)
  - Mechanical regeneration of brushland on public lands (15,000 acres)
  - Prescribed burning on public lands (75,000 acres)

- **Wildlife Population Surveys, Monitoring and Evaluation; Constituent Surveys $500 thousand General Fund:**

  Like any company that needs ongoing inventories of its stock, Minnesota needs to know how its moose, bears, deer, wild turkeys, otters, ducks, and other wildlife populations are faring. Wildlife and hunter surveys and population monitoring give Minnesota vital information necessary to decide how many animals can be taken by hunters and trappers, help ascertain how hunters and trappers feel about various management options, while maintaining healthy wildlife populations for future generations. Because of their very nature, wildlife populations are difficult to accurately inventory and monitor, yet the importance of doing so to effectively conduct, evaluate, and defend management programs has never been greater.

Expanding wildlife surveys, population monitoring, modeling, and constituent surveys can assure that hunting opportunities are maximized while healthy baseline wildlife populations are maintained. Scientifically credible information is also critical to protecting the hunting heritage for future generations. Expected outcomes are:

- Statistical analysis of data leading to improved harvest estimates, safe biological harvest limits, better documentation of long term population trends, and improved population modeling in both forested and agricultural regions
- Improved population estimates and modeling for big game species (deer, moose, bear)
- Constituent surveys to determine agency responsiveness to needs of hunters and other wildlife enthusiasts
- Wetland wildlife surveys for migratory birds leading to better management
- Enhanced surveys of shallow lakes for improved management of wetland wildlife

- **Conservation Partners Grant Program - $200 Thousand General Fund**

This program provides matching grants to private organizations and local governments for habitat improvement projects. This request will result in a minimum of 20 matching grants for the purpose of improving fish, wildlife, and native plant habitat. These projects will involve direct, on the ground habitat improvement, such as prairie restoration, lake and stream habitat improvement, wetland restoration, erosion control projects, plantings of native species, forest habitat improvement, etc. The Conservation Partners Grant Program provides a valuable tool for the department in pursuing it's goals of working with communities in a cooperative effort to protect and enhance the state's natural resources.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

This initiative addresses the goal in DNR strategic plan, *Directions for Natural Resources 1997, "to maintain, enhance, or restore the health of Minnesota's ecosystems so that they can continue to serve environmental, social, and economic purposes."*

- **Winter Wildlife Habitat Development and Wildlife Private Land Cost Share:**

This initiative particularly emphasizes the strategies from *Directions 1997* of *"expand development of partnerships with organizations and other agencies to develop common resource management objectives"* and *"expand efforts to provide technical assistance to citizens and local governments."*

Providing adequate winter habitat requires that food and cover components be in close proximity (within ¼ mile) of each other and the closer the better. These food/cover complexes must also be appropriately spaced across the landscape. Pheasants and many songbird species require a minimum of a winter complex every three miles with adjacent food and cover.

Enhanced management of wintering wildlife habitats in agricultural areas will include GIS mapping of locations of all known and potential pheasant wintering areas (large cattail marshes, wildlife weedy cover, farmstead shelter belts, riparian forests, tall grass) throughout Minnesota's pheasant range. It will also include: establishment of woody cover plantings in critical wintering areas; enhancement or establishment of farmstead shelter belts to meet woody cover planting standards; restoration of key wintering wetlands previously drained or altered in critical pheasant wintering areas which will provide secure quality winter cover; creating attractive permanent non-woody (herbaceous) cover and converting cool season grasslands to solid stands of native grasses; establishing dependable food sources that are edible and digestible for the wildlife species present, available in all types of weather, and in sufficient supply to last the winter months (corn, sorghum-sudan, grain sorghum, sunflower, soybean, wheat and millet); acquisition and development of winter food/cover modules of a minimum of 20 acres in size in critical wintering areas to ensure optimum numbers of breeding birds are maintained through a severe winter.

The Wildlife Private land cost-share will provide for cost-share incentives and technical assistance for private landowners to establish winter cover and native plantings on private lands in key wintering areas.

General fund dollars will be used to provide for expanded project support and technical assistance for habitat development on public and private lands.

- **Forest Lands Private Land Cost Share**

The recent Generic Environmental Impact Statement on Timber Harvesting and Forest Management in Minnesota identified private lands as being most critical to the sustainability of our forest resources. The primary vehicle for private landowners to receive professional forest management assistance is through the development of an approved Forest Stewardship Plan. Forest Stewardship Plans have been developed for over 700,000 acres of non-industrial private lands since 1991.

Cost-share funding is a effective incentive to encourage landowners to implement many of the more costly land management practices recommended in their Forest Stewardship Plans. However, cost-share funding from traditional federal sources has shrunk 80% in the last several years.

Due to the large number of requests, LCMR funding provided in the '97 session for cos-sharing forest stewardship practices on private lands is expected to be used up by the end of this calandar year! Without additional general funding in this request, there will likely be very little cost-share funding available for these practices in calendar year 1998.

- **Brushland and Forest Wildlife Habitat Management:**

  This initiative particularly emphasizes the strategies from *Directions 1997* of *"expand development of partnerships with organizations and other agencies to develop common resource management objectives," "expand efforts to provide technical assistance to citizens and local governments," and "promote integrated approaches to managing resources."*

  Periodic burning or disturbance by shearing or removal of older brush is necessary to restore and maintain use of brushlands by wildlife. Sharp-tailed grouse, which are the most visible species dependant on large brushlands, have declined 77% from 1981-1995, and in 1993 a large portion of the state was closed to grouse hunting to protect very low populations in these areas. Hunter harvests have declined from more than 150,000 sharp-tails in the 1940s to less than 10,000 in recent years. These declines are directly related to loss and lack of management of brushlands. There are at least 102 additional bird species, many of them declining in Minnesota and across the continent, as well as deer, moose and other species that utilize brushland habitats and will be aided by accelerated brushland management.

  Increasing timber harvests have the potential to greatly influence forest wildlife habitat. Increased assistance by wildlife professionals on timber harvest plans is required to ensure that critical wildlife habitats will be protected and enhanced. Habitat improvement projects designed to improve or provide key habitat elements for deer and other wildlife will help to mitigate the impacts of increased timber harvest and address needs of forest wildlife species.

  General fund dollars will be used for prescribed burning on public and private lands; to provide for expanded forest wildlife coordination and planning on public lands; and to provide enhanced technical assistance to landowners on private lands. This will include 1 FTE to work with forest land managers on integrating wildlife needs with forest management plans and practices.

- **Wildlife Surveys, Monitoring, and Evaluation:**

  This initiative particularly emphasizes the strategies from *Directions 1997* of *"accelerate the collection, interpretation, and dissemination of scientific information describing Minnesota's ecosystems and natural resources," and "establish standards for evaluating and monitoring ecosystem health and effectiveness of ecosystem-based management efforts."*

  By expanding surveys and population monitoring, Minnesota can provide the most hunting opportunities possible without harming wildlife populations. This scientific information gathering is also critical to defend hunting from attacks by animal rights activists, and to ensure hunting opportunities and adequate wildlife for our children and grandchildren.

  Wildlife populations and habitats occur in spatial mosaics, providing food and cover in various degrees of accessibility, quality, and productivity. Survey sample sizes for the most commonly taken game animals have been determined, but things like accuracy of hunt memory for a mail survey well after the seasons, have not been examined. New surveys are needed from time to time for program evaluation (e.g., 1996 Wildlife Section constituent survey) or intermittently for management (e.g., rerun turkey hunter mail surveys for data used in hunt quota setting model).

  Factors that affect deer and other big game population estimation could be greatly improved with additional data. Winter severity and increased predator numbers cause year to year variation in non-hunting mortality and hamper our ability to effectively allocate antlerless hunting permits. Fawns represent the largest segment of the deer population yet we know little about their survival in the first 6 months or how much it varies from one year to the next. Moose mortality has fluctuated in recent years in response to disease, parasites, predators and severe winters and this variation hampers our ability to effectively allocate moose hunting permits. Wildlife managers need an independent estimate of bear numbers to validate predictions of computer models. All of these factors create a need for better population monitoring and prediction, requiring development and testing of better data for making and defending management decisions.

  A variety of issues related to furbearers and trapping are important to address if we are to maintain healthy populations and furbearer trapping and hunting opportunities, while minimizing damage to property. Minnesota has one of the longest running data sets of any state on furbearer and predator population trends. This data could be invaluable in documenting and defending management decisions from anti-management challenges. However, many of the federal partners (U.S. Fish and Wildlife and U.S. Forest Service) have dropped out of predator scent station surveys because of budget cuts. Additionally, otter fur has increasingly been in demand in recent years, but there has been no independent means to verify otter population trends indicated by the computer model. Beaver are consistently one of the primary species causing property damage and it is important to maintain long-term data on population trends (in Minnesota, aerial beaver surveys have documented population trends since 1958) so that management can be appropriately applied and defended. With the reduced number of routes, the current survey provides inadequate coverage in portions of the beaver range.

In farmland areas, the department coordinates and conducts several surveys and models such as Wildlife Roadside Counts, Wild Turkey Model, and Deer Model and Productivity Survey. Survey and model verification and sensitivity are needed to continually improve their accuracy and functionality. The accuracy and sensitivity of these surveys and models has never been tested. Improved surveys and models could be developed utilizing new technologies such as infrared remote sensing and GIS. Because of budget constraints we have only been able to periodically collect wild turkey population information. The current deer productivity survey has a limited sample and is not statewide.

Land use changes are affecting wildlife populations. Intensive habitat monitoring is needed to document annual and long-term land use changes resulting from agricultural intensification and urbanization. The progress and effectiveness of EBM projects need to be monitored. This could be accomplished using data obtained from existing surveys or developing new surveys to meet the needs.

A better understanding of clientele needs and attitudes is needed. Many wildlife programs and activities are implemented without the benefit of adequate clientele input. Improved wildlife survey techniques and models are require to meet future challenges.

Waterfowl and other wetland-dependent wildlife are particularly sensitive to changes in land use and weather and hunting regulations must be adjusted to account for these annual variations. There is a need to enhance annual surveys and monitoring of distribution, density, and production of waterfowl populations throughout Minnesota. These surveys provide information essential for establishing harvest guidelines, assessing population trends, and implementing short- and long-term waterfowl management initiatives. Survey results also facilitate coordination with other states in the Mississippi Flyway. Annual migration surveys provide valuable information on waterfowl movements and habitat use patterns, thus allowing wildlife managers to identify and protect critical habitats and anticipate future management needs. Accurate assessment of extent, distribution, and trends of waterfowl harvest is essential for developing annual harvest guidelines.

Giant Canada geese, for example, continue to thrive in many areas despite summer removal and translocation activities. Detailed harvest information will allow hunters to utilize local populations of these birds while protecting Canada geese from other populations which have experienced recent declines.

Minnesota consistently ranks near the top in the nation in terms of licensed waterfowl hunters. A regular survey of waterfowl hunters will provide a mechanism whereby waterfowl hunters have opportunity to respond to state waterfowl managers to the benefit of hunters, managers, and overall health of waterfowl populations. Resulting responses will complement information received from public input meetings and will provide new opportunities and improved flexibility for receiving and responding to concerns of waterfowl hunters in Minnesota.

A complex model for predicting waterfowl recruitment is available to managers. The Mallard Productivity Model was developed in the Midwestern U.S. in hopes of predicting responses of duck populations to landscape changes. However, this model remains of limited usefulness because of the need for expanded surveys and database development to provide critical inputs for important regions of Minnesota.

Minnesota has thousands of shallow lakes not capable of supporting fish and best suited for management of aquatic and semi-aquatic wildlife, including waterfowl and furbearers. There is a need for enhanced survey data to guide designation and management of these valuable wildlife habitats.

General Fund dollars will be used to provide for expanded research, inventory, and statistical support staff to collect and analyze data essential for responsible long-term wildlife management.

- **Conservation Partners Grant Program - $200 Thousand General Fund**

This program provides matching grants to private organizations and local governments for the purpose of improving fish, wildlife and native plant habitat. Since these grants require at least an equal amount of non-state match, the total impact of the funded projects will be at least $400 thousand. If all projects are funded at the $10 thousand maximum grant level, 20 grants would be made. It is likely however, that some grants will be for less than the maximum and the total number of grants will be closer to 30. These grants will encourage private individuals and organizations, as well as local governments, to take positive actions to protect and enhance natural habitat. Volunteer involvement is encouraged and use of in-kind contributions can be used to help meet the match requirement.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE): None.

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

Private Land Cost Share, Forestry Land:

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FAX: (612) 296-5954
E-Mail: tom.kroll@dnr.state.mn.us

Winter wildlife habitat development and private lands cost share:
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FAX: (612) 297-4961
E-Mail: kevin.lines@dnr.state.mn.us

Brushlands and forest wildlife habitat:
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Wildlife surveys, monitoring, and evaluation:
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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition								
Land, Land and Easements, Options		$0	$0	$0	$0	$0		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
2. Predesign	**SUBTOTAL**	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		
	SUBTOTAL	0	0	0	0	0		
4. Project Management							07/1998	06/2000
State Staff Project Management		0	900	0	0	900		
Construction Management		0	0	0	0	0		
	SUBTOTAL	0	900	0	0	900		
5. Construction Costs							07/1998	06/2000
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	2,300	0	0	2,300		
Hazardous Material Abatement		0	0	0	0	0		
Construction Contingency		0	0	0	0	0		
	SUBTOTAL	0	2,300	0	0	2,300		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	0	1,350	0	0	1,350	07/1998	06/2000
	GRAND TOTAL	$0	$4,550	$0	$0	$4,550		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,450	0	0	1,450
General Fund Projects	0	3,100	0	0	3,100
State Funds Subtotal	0	4,550	0	0	4,550
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**	**4,550**	**0**	**0**	**4,550**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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)	Amount	Percent of Total
General Fund	1,450	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

There is 1 FTE that will be hired and can reasonably be expected to be an on-going cost of this project.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1.45 million and a general fund appropriation of $3.1 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	70
Agency Priority	0/25/50/75/100	0
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	0
TOTAL	**700 Maximum**	**130**

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 21 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $1,190

PROJECT DESCRIPTION:

This $1.19 million General Fund initiative will enhance customer service and data access through the collaborative use of technology, improve communication with citizens and stakeholders, and provide technical assistance and data delivery to citizens and local government. Investments include:

- **Minnesota Environmental/Natural Resource, Electronic Library (MENREL) $465 thousand - General Fund:**

  To accelerate the development of integrated and indexed environmental and geographic data catalogs, cross agency search and retrieval tools, and content-rich libraries of environmental data and information. MENREL brings together and builds upon existing collaborative initiatives including the 1998/1999 LCMR project, "Foundations for Integrated Access to Environmental Information," and ongoing efforts of the Governor's Council on Geographic Information Systems and the Minnesota Forest Resources Council. Funding will allow seekers of environmental and geographic data to search and retrieve information from a central location.

- ***Citizen Access to Customized Maps and Reports - $725 thousand - General Fund:***

  To improve citizen access to environmental and geographic data that will allow them to produce customized maps and reports. Investment will increase the ability of citizens to access this data through the Internet from home, from work, and from public access points such as public libraries and state, county and local government offices.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

This initiative advances several strategies identified in *Directions 1997*, the DNR Strategic Plan. Among these: expanding development of partnerships; promoting integrated approaches to managing resources; accelerating the collection, interpretation, and dissemination of scientific information; expanding efforts to provide technical assistance to citizens and local government; improving communications with stakeholders and citizens; and elevating the role of environmental education. It also responds to the Pollution Control Agency (PCA) "Goal 21," which calls for integration of locally based environmental services and seamless access to environment information.

The need for MENREL is well documented. Citizens, stakeholders and local units of government are seeking better access to and the ability to use place-based environmental and natural resource data. MENREL will supply access to information specifically relevant to their own communities. Using map interfaces, GIS technologies and zip code searches, it will provide an integrated package of information about environmental quality, natural resources and recreational opportunities in individual neighborhoods. Citizen access to this type of information is essential to collaborative decision making about environmental issues and resource use, and government collaboration with communities of interest and place is essential to building sustainable protection and restoration of the natural environment, enhancement of economic opportunity, and long term community well-being.

MENREL will provide access to previously unavailable environmental information and geographic data, and for the first time make it possible for users to generate their own maps and reports from multiple data sources. These dynamic data and mapping capabilities will require extensive cooperation and coordination among and within DNR, PCA, and other environmental agencies.

Citizens and stakeholders are also demanding better ways of communicating with state government. MENREL envisions the implementation of interactive conferencing tools that create a virtual town hall or an "Ask the Commissioner" night.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This initiative includes an investment of $500 thousand from the General Fund in each of the next two biennia to continue providing technical assistance and data delivery to citizens and local governments.

OTHER CONSIDERATIONS:

The department has made significant progress providing public access to *static* data and information via the Internet. A dedicated applications development staff is now needed to design integrated databases on a common platform to enable access to *dynamic* environmental data across agencies, and to implement interactive conferencing capabilities.

MENREL places environmental agencies in a better position to provide much needed technical assistance and data delivery to citizens, stakeholders, and local government.

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

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2000
State Staff Project Management	215	500	0	0	715		
Construction Management	0	0	0	0	0		
Other Costs	145	690	0	0	835		
SUBTOTAL	360	1,190	0	0	1,550		
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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$360	$1,190	$0	$0	$1,550		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
General Fund Projects	0	1,190	0	0	1,190
Minnesota Resources	360	0	0	0	360
State Funds Subtotal	360	1,190	0	0	1,550
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	**360**	**1,190**	**0**	**0**	**1,550**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	204	204	704	704	204
Other Program Related Expenses	156	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	360	204	704	704	204
Revenue Offsets	0	0	0	0	0
TOTAL	**360**	**204**	**704**	**704**	**204**
Change from Current FY 1998-99		<156>	344	344	<156>
Change in F.T.E. Personnel		0.0	4.0	4.0	4.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
96' Chapter 407, Section 8, Subd. 6	360

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
Yes	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends a general fund appropriation of $1.19 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	70
Agency Priority	0/25/50/75/100	0
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	0
TOTAL	**700 Maximum**	**130**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 22 of 22 (Non-Building Projects)

1998 STATE APPROPRIATION REQUEST: $150

PROJECT DESCRIPTION:

This request is for the following: $150 thousand to expand a successful educational program to recruit women to outdoors activities such as hunting, fishing, canoeing and backpacking; and $100 thousand to facilitate statewide development of shooting ranges which will improve recruitment of new hunters and augment current safety efforts.

- **Becoming An Outdoors Women Program (BOW) - $50 thousand General Fund:**

  Over the past 3 years, BOW programs have introduced more than 1,200 women to hunting and shooting sports, angling, canoeing, map and compass use and more than 30 other outdoor skills. The program has grown from 2 weekend workshops per year to 3 annual workshops, 25 specialty weekend offerings and a field day trip. The additional 3 thousand women who have requested continued information on the program represent a growing backlog of unserved clients. This request for funds will enable the DNR to serve these clients and expand the program to single parent households and women of more culturally diverse backgrounds and modest incomes. With the requested funds, BOW will be able to offer a second annual field day and 11 additional specialty weekend workshops.

- **Shooting Range Coordination - $100 thousand General Fund:**

  The statewide development of shooting ranges will be facilitated by establishing a Shooting Range Coordinator position (field position) and matching money or "seed" money to fund partnership agreements. The coordinator position will serve as first point of contact for clubs, political subdivisions, or interested individuals that want to sponsor or facilitate range development in Minnesota. The coordinator position is necessary to ensure that range standards are consistently observed, to determine where range construction or expansion should occur, and to encourage private funding of range facilities. Approximately $35 thousand of the requested funding will be available as matching money for partnership agreements.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

Directions for Natural Resources 1997 outlines the DNR's strategies for addressing it management responsibilities. That document notes that continuing urbanization and the growth of single parent families is resulting in fewer people with direct connections to the natural landscape. The department hopes to forestall any decline in public commitment to natural resource conservation that could result from this trend. Its long-range strategies include a commitment to improve communication with stakeholders and citizens and establish environmental education as a corner- stone for developing a natural resource stewardship ethic among all Minnesotans. Fostering the development of outdoor recreation skills is an important part of this strategy.

The BOW Program hopes to reach more diverse audiences by providing statewide programs for single-parent mothers and their children. This will require marketing programs to new audiences and making the programs available at a lower cost to participants. Current staffing and funding levels are not sufficient to support these objectives.

In 1997, stakeholder groups from retailers, to special interest groups and environmental education centers donated more than 900 hours of volunteer time to BOW. All BOW instructors are skilled in their recreational pursuits and most volunteer their services. The BOW program is currently funded by temporary DNR dollars, by participant fees, and by partnerships with business and stakeholder groups. Continued DNR funding for BOW is needed to maintain these partnerships. Funds received through this budget request will also provide program opportunities in new places and for new audiences.

The shooting range will facilitate the recruitment of persons into shooting sports, including hunting, by providing a greater number of locations where citizens can safely shoot. It will increase the number of safe shooting locations and fill a need for ranges that is not currently being met. Safety of hunters and non-hunters has been and continues to be one of the primary goals of the department. Youth Firearm Safety and Advanced Hunter Education by providing facilities capable of handling the shooting components of these programs in a safe manner. Increased range locations will provide increased service to the license buying public by providing location where they can safely sight in sporting firearms.

Also this project will facilitate partnerships between clubs, political subdivisions, or individuals and the department which will benefit all who participate.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes an investment of $100 thousand from the General Fund in each of the next two biennia for the Shooting Range Coordination Initiative.

OTHER CONSIDERATIONS:

Women have reflected an increased share of the outdoor recreation market in the last 5 years. They are the fastest growing segment of the shooting sports industry today. As these women expand their outdoor activities they need to learn to pursue them in environmentally responsible ways. The BOW program allows new female participants to learn from other women who can serve as mentors as well as instructors.

Not funding this project could mean an end to DNR staff support for BOW. Volunteers might continue portions of the program on a reduced level, but the loss of funding would greatly diminish Minnesota's role in the international development of the program currently established in 40 states and 5 provinces. Most certainly BOW program activities could not be expanded here and Minnesota women of modest financial means would not be afforded an opportunity to participate in the workshops.

Failure to fund the Shooting Range Coordination Initiative will result in the department's continued inability to provide a full-time field position for statewide range development.

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

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DNR-MIFC
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Mike Grupa, Administrative Manager
DNR Enforcement Division
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Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
General Fund Projects	0	150	0	0	150
State Funds Subtotal	0	150	0	0	150
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**	**150**	**0**	**0**	**150**

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	0	100.0%
User Financing	0	0.0%

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	30	180	100	100	100
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	30	180	100	100	100
Revenue Offsets	0	0	0	0	0
TOTAL	**30**	**180**	**100**	**100**	**100**
Change from Current FY 1998-99		150	70	70	70
Change in F.T.E. Personnel		0.0	0.0	0.0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends a general fund appropriation of $150 thousand 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	70
Agency Priority	0/25/50/75/100	0
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**	**110**

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 1 of 2 (Grant Programs)

1998 STATE APPROPRIATION REQUEST: $8,350

PROJECT DESCRIPTION:

This request is for $8.1 million in bonding for matching grants to cities, counties, townships, and school districts for acquisition and protection of natural and scenic areas (with outstanding biological, geological, ecological, and scenic values) and for acquisition, development, and renovation of trails and other outdoor recreation areas. Funds will be administered through the following matching grant programs (in $000):

Outdoor Recreation Grants	$2,000
Cooperative Trail Grants	$2,000
Regional Trail Initiative Grants	$4,000
Natural and Scenic Area Grants	$ 100

This request also includes $250 thousand from the General Fund for program grant administration. This multi-million dollar request for matching grants to local governments will require additional staff support to cover project evaluation and selection, environmental review, contract preparation and administration, project billings, and project monitoring. The General Fund request amounts to approximately 3 percent of the capital bonding proposal for the matching grant programs listed above.

These programs are tools in the department's effort to work with communities in protecting and managing resources and providing outdoor recreation opportunities. Local governments complete the acquisitions or projects and are reimbursed for a portion of the acquisition or project actually completed. The local governments assume the responsibility for ongoing operations and maintenance of the areas and must not convert the property to uses other than those for which the grant was provided. This partnership arrangement allows the state to contribute to the protection of significant public natural and outdoor recreation resources without incurring long-term operating and management costs.

Applications for grants through the Natural and Scenic Area, Outdoor Recreation, Cooperative Trail, and Regional Trail Initiative grant programs will be due in spring 1998. Recommendations for funding will be presented to the legislature in the summer of 1998. A second grant cycle would be implemented in 1999. The normal project period is 2 years, so most projects should be completed by the end of calendar year 2001.

Project grant requests vary. The $2.0 million request for the Outdoor Recreation Grants Program would provide for a minimum of 40 grants (maximum grant of $50 thousand per project) over a 2-year period using two separate grant cycles. In 1997 alone, requests for 87 Outdoor Recreation Grants were received. The Cooperative Trail Grants request of $2.0 million would benefit at least 40 communities (maximum grant of $50 thousand per project). The $4.0 million request for Regional Trail Initiative Grants (maximum grant of $250 thousand per project) would provide for a minimum of 16 statewide projects. In 1997, the Department of Natural Resources (DNR) received 30 Cooperative Trail Grant requests and 16 Regional Trail Initiative Grant requests. The request also includes $100 thousand for the Natural and Scenic Area Grant program to provide for at least one project (maximum grant of $200 thousand per project). The DNR received 11 requests for Natural and Scenic Area Grants in 1997.

As in past appropriations for these grant programs, the overall appropriation will be divided on a 50/50 basis between the 7-county Twin Cities metro area and the remaining 80 counties of the state.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The 4 grant programs fit well into the department's long-range strategic plan. The following are specific examples of how the programs address the goals and strategies outlined in "*Directions for Natural Resources,*" the DNR's strategic plan:

- The DNR's vision is *"to work with people to manage the state's diverse natural resources for a sustainable quality of life."*

  These grant programs depend on local communities and their local government representatives providing the inspiration, planning, commitment, and dollars to make the natural resource or outdoor recreation projects a reality. The DNR enters into a partnership with them by providing an important financial incentive and technical assistance in reviewing the project plans. Each of these grant projects is a collaborative effort between the DNR and local governments.

- Under ecosystem-based management, the department intends to become more of a *". . . community based organization responsive to resource needs at local and state levels."*

  These grant programs are all responsive to local resource needs.

- Strategies for becoming more of a community-based organization include *1) "Expand development of partnerships with organizations and other agencies to develop common resource management objectives"; 2) "Promote integrated approaches to managing resources."*

The 4 grant programs are tools for developing partnerships between the department and many local government agencies throughout the state. They address common resource objectives of protecting natural resource areas, expanding outdoor recreation opportunities, and encouraging sustainable (non-automobile) travel alternatives. They promote integrated approaches to managing resources by helping to develop a continuum of natural area protection ranging from state scientific and natural areas to locally protected natural and scenic areas, by protecting linear corridors and fostering opportunities for trail linkages between state and local trail systems, and by providing local recreation facilities that complement state recreation facilities.

- Recent focus group research showed that *"Stakeholders prefer local approaches to managing environmental concerns and feel the DNR should focus more management effort on the local community."* Also, *" . . . 96% said that coordinating programs with local communities also is very important. Partnering was suggested as the area where the DNR needs to improve the most."*

  The grant programs offer excellent opportunities for the department to respond to these identified needs.

- *"DNR efforts to cultivate partnerships at the local level may restore some public trust."*

  Providing financial assistance for local projects is one type of partnership effort that can help develop a higher trust level between the department and local governments.

- One resource problem addressed in *Directions* is the expansion of residential development into once rural areas. The Natural and Scenic Area Grant Program has already provided several grants to local governments to help protect areas threatened by such development. It is one useful tool for the department to help address the problem.

  The acquisition of abandoned railroad corridors for trails preserves continuous linear resource corridors from fragmentation.

- *Directions* states that *"Outdoor recreation opportunities are a major contributor to quality of life. Outdoor recreation also accounts for a major component of the state economy and is especially crucial in many localities."*

  Previous research has shown that about 75% of outdoor recreation activity takes place close to home. The projects assisted through the grant programs have historically been, and continue to be, very important for improving quality of life in communities throughout the state, <u>and</u> they primarily address the "close to home" recreation needs of the public.

- *"The DNR will give high priority to partnerships that preserve or restore important ecological communities, especially those that are rare or threatened."*

  The Natural and Scenic Area Grant Program has already been helpful in protecting important natural areas identified through the County Biological Survey process, including remnant "Big Woods" tracts, bluff prairie, oak forest, etc. Abandoned railroad corridors, when converted to trails, can play an important role in prioritizing a framework for connecting fragmented parcels.

These grant programs will help further the policies and goals outlined in the department's strategic plan. Protecting natural resources and providing outdoor recreation opportunities through grants to local governments is a cost-effective strategy for the state because long-term state goals and objectives are attained without a corresponding obligation by the state of long-term operations and maintenance costs.

Historically, the funds administrered through the 4 grant programs have been distributed to local governments throughout the state. Over 500 cities have received at least one grant and grants have been made to projects located in every county of the state. In past appropriations, the legislature has stipulated that total grant dollars be distributed equally between the Twin Cities metro area and the rest of the state. The benefits may be even more dispersed since the recreational facilities are open to the public and are often used by persons from outside the community.

The General Fund segment of this request will enable the department to successfully implement the Governor's Capital Bonding Parks and Trails Initiative, which will accelerate the opportunities for local communities to meet their outdoor recreation and natural resource protection needs. The existing department staff currently administers approximately $4.0 million in park and trail and conservation grant projects per biennium. The proposed capital bonding request would more than double this amount in the next biennium. The additional resources from the General Fund are needed to avoid an across the board reduction in service to local government recipients.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

This request includes $250 thousand from the General Fund/General Projects (110 Fund) for 2 positions and related expenses to support the increased level of operations for the matching grant programs in the next biennium.

OTHER CONSIDERATIONS:

The increased urbanization of the state has led to a shortage of outdoor recreation facilities and the rapid disappearance of natural and open space areas in growing communities throughout the state, and railroad abandonments that fragment linear corridors continue to occur. In addition, there has been a major reduction over the past decade in both state and federal funds available to assist local governments with local park and open space projects. This has resulted in a backlog of capital expenditures at the local level, loss of natural areas, and an inadequate response by both state and local governments to the need and responsibility to provide accessible public outdoor recreation facilities at the local level. In addition, many communities have realized the benefits of a good trail system, and there has been great interest in linking local trail projects with regional and state trails.

These grant programs are cost-effective tools that enable the state to work collaboratively with local governments to help address these needs.

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

Contact for Natural and Scenic, and Outdoor Recreation Grant Programs

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Contact for Cooperative Trail and Regional Trail Initiative Grants

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Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,400	8,100	8,000	8,000	25,500
General Fund Projects	0	250	0	0	250
Minnesota Resources	5,845	0	0	0	5,845
State Funds Subtotal	7,245	8,350	8,000	8,000	31,595
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	220	0	0	0	220
Local Government Funds	5,915	8,000	8,000	8,000	29,915
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**13,380**	**16,350**	**16,000**	**16,000**	**61,730**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	346	596	596	596	596
Other Program Related Expenses	38	38	38	38	38
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	384	634	634	634	634
Revenue Offsets	0	0	0	0	0
TOTAL	**384**	**634**	**634**	**634**	**634**
Change from Current FY 1998-99		250	250	250	250
Change in F.T.E. Personnel		0.0	2.0	2.0	2.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
97' Chapter 216, Section 15, Subd. 4 (c)	2,900
95' Chapter 220, Section 19, Subd. 4 (e)	1,800
94' Chapter 643, Section 23, Subd. 20	1,400
96' Chapter 407, Section 8, Subd. 3 (c)	895
94' Chapter 632, Section 6	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	8,100	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $8.1 million and a general fund appropriation of $250 thousand for this project, contingent upon local government funds of $8 million. Also included are budget planning estimates of $8 million in 2000 and $8 million in 2002.

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	105
Agency Priority	0/25/50/75/100	100
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	25
TOTAL	**700 Maximum**	**360**

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PROJECT LOCATION: 7-County Twin City Metropolitan Region

AGENCY PROJECT PRIORITY: 2 of 2 (Grant Programs)

1998 STATE APPROPRIATION REQUEST: $9,825

PROJECT DESCRIPTION:

This request for the Metropolitan Regional Parks Capital Improvement Program is for $9.825 million to acquire land, redevelop parks and trails, and develop new parks and trails in the Metropolitan Regional Park System to meet existing demand for outdoor recreation facilities.

Examples in this request include:

- Partially financing the acquisition of St. Croix Bluffs Regional Park through an early buy-out provision that will save the public almost $900 thousand in interest costs.
- Matching an $810 thousand Intermodal Surface Transportation Efficiency Act (ISTEA) grant for renovating the Como Park Street Car Station in Como Regional Park for a visitor information/history center and trailhead.
- Continuing the redevelopment of Minnehaha Regional Park including reconstructing Minnehaha Ave. and associated bridge, parking and landscaping within the park.
- Redeveloping a swimming pond at Elm Creek Park Reserve and widening trails at Hyland Lake Park Reserve.
- Matching a $1.18 million ISTEA grant to construct portions of 3 regional trails in Ramsey County.
- Developing a trailhead building, parking, and access road for the 30-mile trail system in Lebanon Hills Regional Park.
- Developing portions of a trail system in the Grass Lake and Vadnais-Sucker Lake portions of Snail-Vadnais Lake Regional Park.
- Developing park roads, trails, beach/concession building, large group picnic pavilion, and campground amphitheater at Rice Creek Chain of Lakes Park Reserve.
- Extending the Scott County Regional Trail 1.6 miles.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The request of $9.825 million is based on the Metropolitan Council's Regional Recreation Open Space Capital Improvement Program (1998-2003). The request is less than previous requests of about $15 million in 1994 and 1996 because there is a backlog of unspent appropriations from those years. The 1998 request of $9.825 million is a better match of appropriations with actual cash flow needs for projects.

Land acquisition projects included in this request were evaluated and prioritized in the 1998-99 portion of the Metropolitan Council's Regional Recreation Open Space Capital Improvement Program (1998-2003) based on Policies 3 and 4 of the Metropolitan Council's ***Recreation Open Space Development Guide/Policy Plan.***

Policy 3: Acquisition Priorities for Parks and Park Reserves

The priority rating for acquiring park and park reserve lands identified in an acceptable master plan for the regional system through purchase with regional funds is as follows:

1. Lands essential to protect the natural resources that define a park or park reserve and make it usable to the public as planned. (It is particularly important to acquire lands in this category that face the threat of being lost to the system if timely action is not taken.)
2. Lands considered essential for the park or park reserve to reach its full regional service potential as defined in the Council's system plan.

Policy 4: Acquisition Priorities for Recreational Trails

Trail corridors that go through some land in the metropolitan urban service area are preferred over trails that have their entire route in the rural service area. Corridors to be considered for trail acquisition must traverse substantial areas of high-quality natural resources or provide a critical link in a trail that meets this criterion.

Once the natural resource criterion is met, acquisition priorities are:

1. provide access to or traverse regional parks or park reserves;
2. intersect with existing or planned local trails;
3. traverse interesting developed areas.

The priority rating for individual parcels of land within the trail corridor is as follows:

1. Lands essential to protect the trail corridor and make it usable to the public as planned. (It is particularly important to acquire lands in this category that face the threat of being lost to the system if timely action is not taken.)

2. Lands considered essential for the trail corridor to reach its full regional service potential as defined in the Council's system plan.

Redevelopment and development projects included in this request were evaluated and prioritized in the 1998-99 portion of the Metropolitan Council's Regional Recreation Open Space Capital Improvement Program (1998-2003) based on Policy 6 of the Metropolitan Council's ***Recreation Open Space Development Guide/Policy Plan.***

Development in regional recreation open space should be based on the principle of providing and maintaining quality public park areas and facilities primarily for citizens of the metropolitan area. The following priorities are applicable for development and redevelopment of regional park reserves, parks, trails, and special-use facilities:

1. Projects that provide new facilities, rehabilitate facilities, or increase capacity where there is documented existing or projected high use and where there will be no adverse effect on the natural resource base.

2. Projects continuing a phased high-priority project or one of relatively high priority that is timed with other public improvement projects to achieve significant economies in cost to construction.

3. Projects providing a specific facility that meets a documented need, is currently not available, or is significantly under-represented in the system and where there will be no adverse effect on the natural resource base.

4. Projects to serve planned future use in a location with no adverse effects on the natural resource base.

The request of $9.825 million will finance 60% of the regional parks capital improvement program with the remaining 40% financed with bonds to be issued by the Metropolitan Council ($6.55 million). The 60/40 split is a fair allocation of the debt service on these bonds between the metro area and greater Minnesota. Under the 60/40 split, approximately 76% of the debt service on state and Metropolitan Council bonds would be financed from taxes collected in the metro area, while 24% would come from greater Minnesota. That's comparable to the benefit metro area and greater Minnesota residents receive from the Metropolitan Regional Park System based on visitor origin data for the system.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

There is no impact on state agency operating budgets because this appropriation is a pass-through grant for metropolitan regional park capital improvements. However, operations costs are likely to be reduced for redeveloping worn out facilities.

OTHER CONSIDERATIONS:

Reductions in the appropriation will result in reduction in allocations to the lowest priority project(s). Thus, the impact of a reduced appropriation is that the lowest priority project(s) will receive less (or no) funding which consequently will result in loss of service to park users, overuse of existing facilities which shortens their usable lifetime, higher construction costs in the future due to inflation for facilities that were not built, and higher costs for replacing over-used facilities that were worn out prematurely.

PREVIOUS PROJECT FUNDING:

From 1974 to 1997, the Metropolitan Council has received $164.2 million of State Bonds and Environmental Trust Funds for Metropolitan Regional Park System acquisition, redevelopment, and development projects. In addition to these appropriations to the Metropolitan Council, the Minneapolis Park & Recreation Board, City of St. Paul and the City of South St. Paul have received $7.74 million for capital improvement projects in regional parks from 1995 to 1997. Thus a total of $171.9 million of State funds have been appropriated for land acquisition and capital improvements in the Metropolitan Regional Park System from 1974 to 1997.

The 1997 Legislature appropriated $3.5 million to the Metropolitan Council; $2.9 million to the City of St. Paul for oak-savannah restoration ($200 thousand) and accelerating development of Harriet Island Regional Park ($2.7 million); $300 thousand to the Minneapolis Park & Recreation Board for chain of lakes shoreline restoration and $200 thousand to the City of South St. Paul for erosion control and regional trail development through Kaposia Park.

In addition to the state revenues, the Metropolitan Council has issued or is committed to issue about $75.3 million of its own bonds and $38.5 million of interest earned on bonds to finance about 40% of the costs for projects in the Council's regional parks budget. Other state appropriations made directly to regional park implementing agencies may have required matching funds, but the match came from the park agency - not the Metropolitan Council. A grand total of $282.8 million of State funds and Metropolitan Council bonds and interest has been appropriated for Metropolitan Regional Park System land acquisition and capital improvements from 1974 - 1997.

The following table illustrates State and Metropolitan Council funding for the program from 1992 to 1997 and includes appropriations made directly to some regional park implementing agencies (in $000).

Dollars in Thousands ($137,500 = $138 thousand)

YEAR	STATE SOURCE	STATE AMOUNT	METROPOLITAN COUNCIL BONDS	TOTAL STATE AND METROPOLITAN COUNCIL APPROPRIATIONS
1992	State Bonds	2,250	0	2,250
1993	MN Resources and Env. Trust	4,864	0	4,864
1994	G.O. Bonds	13,100	9,767	22,867
1995	MN Resources and G.O. Bonds	5,711	2,251	7,962
1996	MN Resource and G.O. Bonds	11,350	7,182	18,532
1997	General Fund and Env. Trust	6,900	2,333	9,233
	TOTALS	44,175	21,533	65,708

The State appropriations includes $3.1 million of General Obligation Bonds in 1994 for reconstruction of Coon Rapids Dam and $250 thousand in 1996 for repair of Lake Byllesby dam under the DNR dam safety program. Matching Metropolitan Council bonds for these dam repair projects is also shown.

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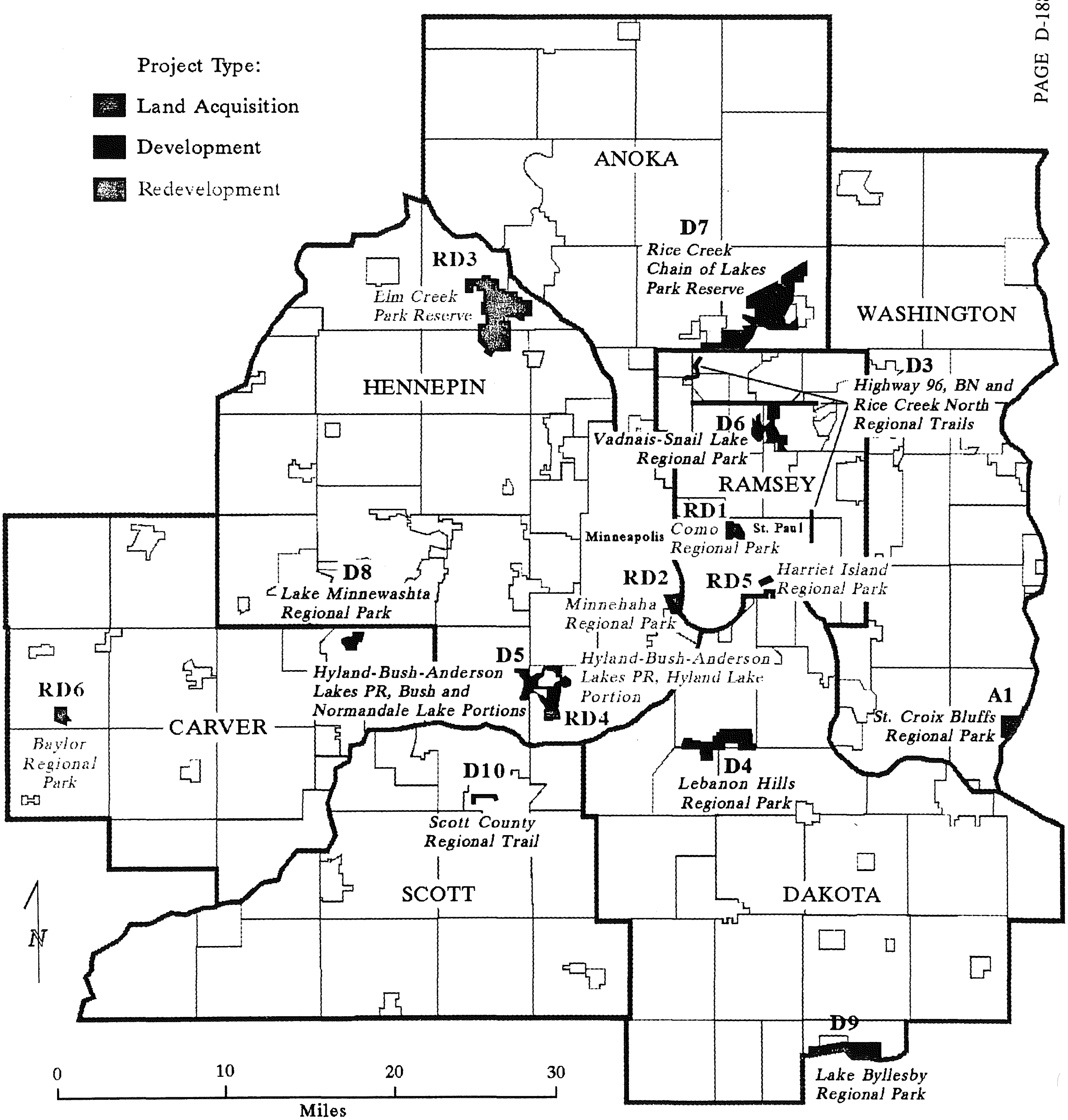
Metropolitan Regional Park 1998
State Bonding Request Project Locations
Fiscal Years 1998-1999

November 7, 1997



AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998 - 2003
Dollars in Thousands ($137,500 = $138 thousand)

Project Type and Priority/Park Agency/Park or Trail Name/Project Description A = land acquisition; RP = regional park RD = park and trail redevelopment; PR = park reserve D = park and trail development; RT = regional trail	FY '98-99 State Bond Request	Cumulative State Bond Total by Project
A1./ WASHINGTON COUNTY/St. Croix Bluffs RP/ Partial reimbursement for early buy-out acquisition of the park on or before January 1, 1998. Early buy-out saved $895,153 of interest costs compared to acquiring the park over a 10 year lease-purchase period. State appropriation language must specifically permit use of State funds for the reimbursement.	$840.0	$840.0
RD1./ CITY OF ST. PAUL/ Como RP/ Match $810,000 ISTEA grant to renovate the Como Park Streetcar Station for use as a visitor information/park history center and trailhead facility.	$310.0	$1,150.0
RD2./ MPLS. PARK & REC. BOARD/ Minnehaha RP/ Reconstruct Minnehaha Ave. And bridge over Minnehaha Creek plus signage and landscaping in coordination with Hiawatha Ave. (Hwy. 55) construction. This work can proceed even if Hwy. 55 construction is delayed.	$1,800.0	$2,950.0
RD3./ HENNEPIN PARKS/ Elm Creek PR/ Reconstruct swimming pond to meet current public accessibility and health codes.	$560.0	$3,510.0
RD4./ HENNEPIN PARKS/ Hyland Lake portion of Hyland-Bush-Anderson Lakes PR/ Partial funding to reconstruct 5.6 miles of 8 ft. wide paved bike trails to 10 ft widths to meet AASHTO/MNDOT and Americans with Disabilities Act requirements.	$123.2	$3,633.2
RD5./CITY OF ST. PAUL/Harriet Island RP/Restoration and site development of the picnic pavilion and related utilities, walkways, lighting and landscaping.	$1,493.2	$5,126.4
RD6./ CARVER COUNTY/ Baylor RP/ Reconstruct and enlarge visitor and employee parking/work area around administrative building, caretaker house, and shop buildings to improve area efficiency for park operations. Plus replace beach bathhouse, campground shower/restroom and barn septic systems to conform to new PCA and Carver Co. rules, construct caretaker garage and rebuild some utility camp sites including utility upgrades.	$76.2	$5,202.6
D3. (First two development projects are reimbursements solely financed with Metropolitan Council bonds)/RAMSEY COUNTY/ Highway 96, BN and Rice Creek North RTs/ Match a $1.8 million ISTEA grant to construct 6 miles of Highway 96 RT, 1.5 miles of BN RT and 2 miles of Rice Creek North RT.	$350	$5,552.6
D4./ DAKOTA COUNTY/ Lebanon Hills RP/ Trailhead facility for 30 mile trail system including parking, access road, play area, classroom/shelter, utilities and landscaping.	$940.8	$6,493.4
D5./ CITY OF BLOOMINGTON/ Bush and Normandale Lake portions of Hyland-Bush-Anderson Lakes PR/ Construct 864 sq. ft. maintenance and trash recycling building for $35,000 and complete lighting a 1.9 mile trail around Normandale Lake for $190,000	$225.0	$6,718.4
D6./ RAMSEY COUNTY/ Vadnais-Snail Lake RP/ Trails, entrance road and parking lot in the Grass Lake section and trails, trail bridges, trail underpass and parking signage at Vadnais-Sucker Lake section of the park.	$812.6	$7,531.0
D7./ ANOKA COUNTY/ Rice Creek Chain of Lakes PR/ Park roads, trails, beach improvements, beach/ concession building replacement, large group picnic pavilion, small picnic area, playground equipment, campground amphitheater, landscaping, site amenities, and signage.	$1,685.0	$9,216.0
D8/ CARVER COUNTY/ Lake Minnewashta RP/ Subgrade correction and paving of main road between entrance to boat launch #1 to easterly limits of the active play area.	$132.0	$9,348.0
D9/ DAKOTA COUNTY/ Lake Byllesby RP/ Relocate boat launch to a more protected area and expand it to accommodate 50 car/trailer units, with a courtesy dock, adjacent shore mooring area and a double launch ramp.	$310.0	$9,658.0
D10/ SCOTT COUNTY-HENNEPIN PARKS/ Scott Co. Regional Trail/ Partial funding to construct 1.6 miles of trail from Co. Roads 21 and 82 to the Mdewakantan Sioux Community Center at Co. Roads 82 and 83.	$167.0	$9,825.0

Reductions in the appropriation will result in allocations to the lowest priority project(s). Thus the impact of a reduced appropriation is that the lowest priority project(s) will receive less (or no) funding which consequently will result in loss of service to park users, over-use of existing facilities which shortens their usable lifetime, higher construction costs in the future due to inflation for facilities that weren't built and higher costs for replacing over-used facilities that were worn out prematurely.

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	65,708	16,375	25,965	26,500	134,548	07/1998	06/2000
GRAND TOTAL	$65,708	$16,375	$25,965	$26,500	$134,548		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	25,850	9,825	15,579	15,900	67,154
Env & Natural Resoures	13,841	0	0	0	13,841
Minnesota Resources	1,584	0	0	0	1,584
General	2,900	0	0	0	2,900
State Funds Subtotal	44,175	9,825	15,579	15,900	85,479
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	21,533	6,550	10,386	10,600	49,069
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**65,708**	**16,375**	**25,965**	**26,500**	**134,548**

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	9,825	100.0%
User Financing	0	0.0%

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	0.0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
Yes	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
94' Chapter 643, Section 23, Subd's. 14 & 19	13,100
96' Chapter 463, Section 7, Subd's. 9, 10 & 15	10,500
95' Chapter 220, Section 19, Subd's. 4 (a), (f) & (k)	4,591
93' Chapter 172, Section 14, Subd's. 10 (b, c, e, f, h, i, j, & k)	4,471
97' Chapter 216, Section 15, Subd's. 4 (b), 6 (g) & 19 (c)	4,000
97' Chapter 216, Section 5, Subd.9	2,900
92' Chapter 558, Section 14	2,250
95' Chapter 220, Section 20 (b)	1,120
96' Chapter 407, Section 8, Subd. 3 (a)	850
Other Citations (2 defined)	393

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

Grants in support of building construction may require predesign depending on the facility type.

Department of Finance Analysis:

The Department of Finance has examined the project information provided by the agency for reasonableness of cost estimates and spending assumptions. To the extent possible, we have tried to highlight issues of concern to legislators, including spending tails, the bondability of certain types of spending, and the hiring of additional staff, by addressing these issues in the project narrative. We believe this project is fairly represented as to cost and spending assumptions.

Governor's Recommendation:

The Governor recommends general obligation bonding of $9.825 million for this project, contingent upon local government funds of $6.55 million. Also included are budget planning estimates of $9.825 million in 2000 and $9.825 million in 2002.

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	40
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**	**315**

Dollars in Thousands ($137,500 = $138 thousand)

Project Title	1998 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 1998	Governor's Planning Estimate	
		1998	2000	2002	Total			2000	2002
Capital Assistance Program	1	$5,000	$9,000	$12,000	$26,000	460	$5,000	$9,000	$12,000
Total Project Requests		$5,000	$9,000	$12,000	$26,000		$5,000	$9,000	$12,000

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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. ch. 115A) directs the OEA to provide technical and financial assistance to local governments, businesses, non-profits, and citizens to assist them in preventing pollution and recovering resources from waste. Guiding principles of the OEA are to provide leadership, incentives, and information along with assistance to change behavior. In doing so, the OEA forms partnerships with others while recognizing the diversity of its customers' needs and problems.

In accordance with the Waste Management Act, the OEA's Solid Waste Processing Facilities Capital Assistance Program (CAP) awards grants to local governments to encourage the development of feasible and prudent alternatives to landfill disposal. The purpose of the grants is to foster the development of a sound, statewide, solid waste management system by involving the local decision-makers in the development of solid waste processing facilities.

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

Minnesota's waste management goal 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. The Waste Management Act (Act) is the primary state policy which guides the OEA and local decision-makers in placing emphasis on landfill abatement and resource recovery. The Act seeks to encourage local government to develop feasible and prudent alternatives to landfilling.

The legislature provides guidance in M.S. 115A.02 by identifying waste management practices in the following order of preference:

1. waste reduction and reuse;
2. waste recycling;
3. composting of yard waste and food waste;
4. resource recovery through mixed municipal solid waste (MSW) composting or incineration; and
5. land disposal.

The CAP Program (M.S. 115A.49 - 115A.541) is the primary financial assistance incentive program administered by the OEA to assist local governments in financing a sound environmental solid waste management infrastructure. The CAP Program provides financial assistance for those choosing to make the difficult and expensive move away from reliance on landfills to the establishment of integrated waste management systems.

The CAP Program is a competitive, two-stage application process that allows the OEA to identify and assist projects that will be most beneficial in meeting Minnesota's solid waste management goals. Eligible applicants are cities, counties, solid waste management districts, and sanitary districts of Minnesota. Eligible projects are solid waste processing facilities that include resource recovery, such as recycling facilities, waste-to-energy facilities, composting facilities, transfer stations serving waste processing facilities, and facilities that will process special waste streams such as household hazardous waste. Eligible projects also include projects to improve control of or reduce air emissions at existing resource recovery facilities, and projects to substantially reduce the amount or toxicity of waste processing residuals. The CAP Program gives special consideration to areas where natural geologic and soil conditions are unsuitable for land disposal.

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 to service an existing processing facility may be eligible for up to 75% funding of eligible capital costs.

The four major trends and policies affecting the demand for solid waste processing and the CAP program relates to landfills and large scale facilities.

1. Landfills: Of the 136 MSW landfills permitted in Minnesota, 25 continue to accept MSW. The CAP Program has helped in reducing the role of landfills as the primary disposal method within Minnesota by encouraging the development of solid waste processing facilities.

2. Minnesota requires that all new MSW landfill capacity be limited to only that which is certified by the state to be necessary. This policy necessitates the OEA's technical and financial assistance in the continued development of resource recovery facilities as feasible and prudent alternatives to landfilling.

3. Construction of large scale facilities: An integrated solid waste management system is a system that will reduce, reuse, recycle, and recover resources in order to protect the environment and public health. Managing waste by processing is more costly than simply landfilling. With the CAP application

review process, the OEA promotes the development of large scale regional solid waste processing facilities and the utilization of existing facilities.

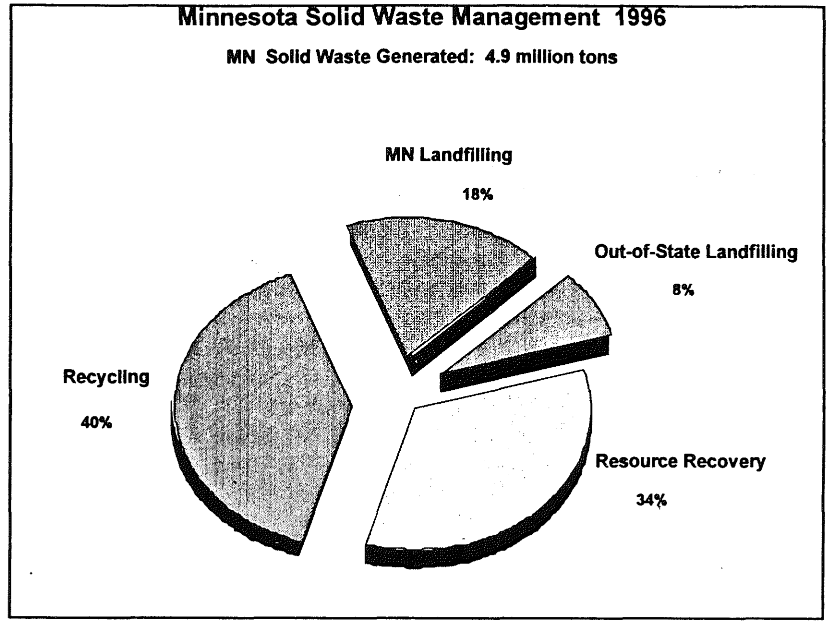
4. Joint ventures: As the development of individual processing facilities are costly, local governments are seeing the value of joint ventures. Extensive cooperative efforts among counties could significantly reduce the new solid waste processing capacity needed in the next 20 years; however, multi-county cooperation needs to be nourished over long periods of time. The regionalization of solid waste processing facilities and an integrated waste management approach promises the highest resource recovery rates and the most efficient utilization of existing capacity and state funds.

Minnesota generated almost 4.9 million tons of municipal solid waste in 1996. Forty percent of Minnesota's waste was recycled; 34% was managed by resource recovery incineration and composting facilities; and 26% was landfilled. Out-of-state landfilling accounted for 8% of Minnesota's waste stream.

Although economies of scale make large resource recovery facilities more cost effective, processing waste and recovering resources is still a higher cost than landfilling. The CAP Program promotes regionalization by removing the $2 million grant limit for multi-county projects and by increasing the possible funding level for new transfer stations built to serve existing resource recovery facilities. Currently, more than half (46) of Minnesota's 87 counties are either without access to a solid waste processing facility or only partially served by a solid waste processing facility.

Because proper management of waste is more costly than landfilling, the CAP Program serves as a much needed financial incentive program for the development of an integrated solid waste management system. However, a county's ability to require that solid waste generated within the county be delivered to a designated waste processing facility is proving crucial to the continued operation and development of large scale processing facilities. Counties are now, even with financial incentives, exercising more caution before embarking on a costly solid waste processing project. Without waste assurance mechanisms (designation, flow control, or alternatives), a waste processing facility has to compete on an economical basis with landfills rather than on an environmental basis, and often with landfills in states with less stringent regulations for adequate environmental and financial safeguards as is required in Minnesota.

Looking strictly at pricing, landfilling is cheaper than processing. However, Minnesota's goal is to protect its land, air, water and other natural resources and the public health by practicing landfill abatement. Furthermore, by managing waste at a processing facility, the counties, cities, businesses and residents of Minnesota limit their liability for superfund landfill cleanup in other states.



Although processing is better for the environment, processing facilities cannot compete with landfills on an economical basis without either financial assistance or an assured waste supply. The focus of landfill abatement has shifted away from the environment and public health. Future development of an integrated solid waste management system rests heavily on economics. While the average cost for landfilling waste within Minnesota is $44 per ton, the average cost per ton for solid waste composting is $80, and $70 for waste-to-energy facilities.

The OEA is working in cooperation with local government, the waste industry, and state and federal elected officials to address the issues of waste assurance and economic disparity between resource recovery and land disposal. The OEA supports federal legislation that will clarify state and local governments' authority to designate waste to solid waste processing facilities in order to protect the environment and public health.

Minnesota counties have a significant level of responsibility for waste management programs within their boundaries. Counties must ensure the development of waste management systems which meet state mandates and promote state policies, but the counties determine when and how they will do it. Counties can, and some do as a matter of preference or economics, choose to continue landfilling all of their waste.

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 types of facilities typically serve a larger population and handle a larger percentage of the waste stream. But because primary processing facilities also 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 authority needs. Minnesota's goal to move away from reliance on landfills and to properly manage its solid waste is hampered by costs. Implementing a sustainable integrated system needs sustained legislative support and financial assistance.

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

The OEA has expended approximately $39 million to award 75 grants for the construction and expansion of 54 projects - 21 recycling facilities, 9 transfer stations, 8 waste-to-energy facilities, 7 MSW compost facilities, 7 special waste stream facilities, and 2 yard waste compost facilities. A listing of the grant recipients is found at the end of the Strategic Planning Summary.

Minnesota is a recognized leader when it comes to managing solid waste in an environmentally sound manner. Minnesota has more operating municipal solid waste compost and waste-to-energy facilities than any other state. These resource recovery processing facilities are minimizing the huge liabilities associated with landfill cleanups. 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.

The state/local government partnership has allowed us to recover and/or process more than 74% of Minnesota's waste. New projects, expansion of existing projects, and essential air quality upgrades are necessary to assure Minnesota the capacity to process the remaining waste, and future increases in waste generation.

Minnesota is well on its way to obtaining its goal of an integrated solid waste management system with minimum reliance of landfills. Minnesota counties need legislative support and financial assistance to maintain and to continue the development of an integrated waste management system whereby all of Minnesota has access to, and utilizes, a primary solid waste processing facility.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The agency's goal is to protect the environment and to conserve resources by planning and promoting an integrated waste management system. The long-range strategic goal for the CAP Program is to assist local governments in establishing an integrated solid waste management system to serve all of Minnesota. Many counties have developed or contracted with waste processing facilities to reduce land disposal. The OEA has assisted in this effort by providing financial assistance and technical assistance with planning and implementation through the CAP Program.

To further the goals of landfill abatement and resource recovery, the OEA promotes the following 4 recommendations:

1. Waste Assurance: The OEA supports legislation that will clarify state and local governments' authority to designate waste to facilities. Without waste assurance, an integrated waste management system to protect the environment and public health becomes an issue of economics. Local governments and private companies find it difficult to finance and operate processing facilities without waste assurance. Waste assurance legislation would ensure the development and stability of an integrated waste management system whereby waste is not simply landfilled, but managed in a manner appropriate to the characteristics of the waste stream.

2. 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 OEA CAP Program gives funding preference and larger grants to multi-county projects.

3. State and Regional Planning: The OEA will continue to assist counties by providing statewide and regional strategies for integrated waste management systems by enabling the state to 1) identify and direct resources to appropriate waste management strategies to meet state goals, 2) recommend approaches that reflect the differences among various areas of the state, 3) identify regional partnerships that will meet state goals in a cost-effective manner, and 4) assist counties in optimizing the use of existing solid waste facilities and in developing new facilities through a deliberate and prudent planning process.

4. Grant Application Process: Modifications to the CAP application process are necessary to assure timely expenditure of bond funds. The application process would be modified to allow grant awards for facility designs separate from the award to proceed with construction. Thus, a large amount of bond funds will not be committed prior to actual construction.

The goal of the OEA is to provide incentives, direction, and encouragement to local governments in attaining an integrated solid waste management system. We will have attained this goal when we have pre-processing of all of Minnesota's solid waste before landfilling, and the ultimate is when we have "zero" landfilling. This goal can only be reached by constructing cost effective alternatives to landfilling.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

In preparing this bond request of $5 million for the Solid Waste Processing Facilities Capital Assistance Program for FY 98-99, the OEA is relying on more than 20 letters of interest received for the upcoming funding round, as well as on the county solid waste management plans and the OEA's 1993 Preliminary Assessment of Regional Waste Management Capacity Report. Please refer to the Project Narrative for a listing of the interested applicants.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1992-1997):

The state created the Demonstration Grant and Loan Program (DEMO) in 1980 to assess the need and interest of local governments in making the difficult move from sole reliance on landfills to 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 $39.2 million. Having awarded more than $9 million in 1997, the CAP Program has an approximate balance of $205 thousand.

From the onset of the state's commitment in 1980 to provide capital assistance to stimulate and encourage the acquisition and betterment of solid waste processing facilities, the capital assistance program has received $39.2 million in appropriations.

Appropriations: (Dollars in Millions)
$ 8.8 (1980)
11.4 (1985)
4.0 (1987)
7.0 (1990)
2.0 (1992)
3.0 (1994)
3.0 (1996)
$39.2 (total)

Expenditures: (Dollars in Millions)	
Appropriations:	$39.2
Administration:	-1.4
Grant Awards:	-37.6
Available Balance:	$.2

In return for the $39 million invested by the state for the development of an integrated solid waste management system, the CAP grant recipients have invested local funds of more than $92 million in capital expenditures.

In comparison to the total expenditures of $39 million from 1980 - 1997, the last six years (1992-97) will account for almost $14 million in state assistance to local governments for the development of solid waste recovery facilities. The local governments, in turn, will have matched OEA funds with more than $16 million in the last six years. Of the 75 grants that have been awarded, 19 were awarded during the last six years.

Minnesota, as a whole, remains enthusiastic and supportive of resource recovery. Facilities such as recycling and household hazardous waste (HHW) are expanding in size and services. Although fluctuating markets do create problems, the problem is usually short term. With the exception of the 2 household hazardous waste facilities under construction, all CAP funded recycling and HHW facilities continue to operate.

CAP has provided funding for 15 primary processing facilities. Fourteen were constructed. These 14 facilities process the waste from more than 30 counties. The facilities are as follows:

3 small scale MSW compost facilities : Fillmore, Swift, and Lake of the Woods

4 large scale MSW compost facilities :
- Wright
- Pennington
- Prairieland (Martin and Faribault Counties)
- East Central (Chisago, Isanti, Kanabec, Mille Lacs, Pine Counties)

1 refuse derived fuel (RDF) facility: Pennington

1 co-disposal (RDF/Incinerator) facility: Western Lake Superior Sanitary District (WLSSD) - serving Aitkin, Carlton, Lake, & portions of St. Louis

6 Waste-to-Energy incinerators:
- Winona
- City of Red Wing - serving Goodhue County
- Olmsted - serving Dodge and Olmsted
- Pope/Douglas
- Polk - serving Beltrami, Clearwater, Mahnomen, Norman & Polk
- Fergus Falls - serving Grant, Otter Tail, Stevens, Todd, Traverse, & Wilkin

The small scale MSW compost facilities (under 40 tons per day) are subjected more to operational issues than waste assurance. All 3 are still operating. The 4 large scale MSW compost facilities have not fared as well, mostly due to waste assurance issues. All but Pennington are experiencing difficulties due to waste assurance issues. The Wright County facility is temporarily closed.

Office of Environmental Assistance | AGENCY CAPITAL BUDGET REQUEST Fiscal Years 1998-2003 Dollars in Thousands ($137,500 = $138 thousand) | Strategic Planning Summary

Pennington's CAP funded RDF facility was discontinued due to aging equipment, and a private RDF facility was built near the same site. Pennington still has issues with securing a permanent end-market for its RDF pellets. The WLSSD facility is continuing operations but is also in the process of evaluating its options due to waste assurance issues as well as changes in federal and state air emissions regulations.

Of the 6 waste to energy incinerators receiving CAP funds, the Winona County facility was never built due to siting issues. Although feeling the pressures of waste assurance, the City of Fergus Falls, Olmsted, Polk County, Pope/Douglas, and the City of Red Wing are continuing to operate and are proceeding with the necessary air emissions equipment retrofits to stay in compliance with current and future state and federal requirements.

OTHER (OPTIONAL):

SUMMARY OF CAP FUNDED PROJECTS

1984-85

Recipient	Project	Grant Amt	Total Cost
Otter Tail/Becker	Transfer Station	85,842	350,000
Carlton County	Transfer Station	94,562	405,000
Cook County	MRF	62,755	125,510
Pope/Douglas	W-to-E (Incin.)	1,350,000	6,550,000
	subtotal	1,593,159	7,430,510

1986-87

Recipient	Project	Grant Amt	Total Cost
St. Louis County	Spec Wste (tires)	586,412	2,345,647
City of Fergus Falls	W-to-E (Incin.)	862,500	4,355,000
Dodge County	Transfer Station	48,975	215,000
Polk County	W-to-E (Incin.)	1,493,750	6,978,000
Winona County	W-to-E (Incin.)	2,000,000	2,000,000
Hubbard County	Transfer Station	86,825	347,300
Beltrami County	Transfer Station	46,000	186,000
WLSSD	TEST (air/ash)	82,765	82,765
Stevens County	Transfer Station	53,984	215,934
	subtotal	5,261,211	16,725,646

1988-89

Recipient	Project	Grant Amt	Total Cost
City of Red Wing	W-to-E (Incin.)	14,875	59,500
Polk County	TEST (air)	82,180	82,180
Todd County	Transfer Station	72,187	341,750
City of Red Wing	TEST (air)	64,815	64,815
Pennington County	TEST (air)	5,965	5,965
Mower County	MRF	415,589	1,066,377
Swift County	Compost/MRF	711,000	1,422,000
Otter Tail County	MRF	288,000	644,000
Olmsted County	TEST (air)	44,305	44,305
Pope/Douglas	TEST (ash)	41,875	41,875
Olmsted County	TEST (ash)	53,984	53,984
City of Red wing	TEST (ash)	35,179	35,179
Polk County	TEST (ash)	50,893	50,893
Aitkin County	MRF/HHW	109,625	220,000
Norman County	MRF	156,475	315,000
City of Moorhead	Ydwste Compost	172,650	345,300
St. Louis County	Transfer Stations	347,000	1,388,000
Houston	MRF	130,000	260,000
	subtotal	2,796,596	6,441,123

1990-91

Recipient	Project	Grant Amt	Total Cost
City of Fergus Falls	TEST (ash)	61,412	61,412
Rice County	MRF/HHW	720,131	1,451,262
City of Fergus Falls	TEST (air)	62,785	62,785
Lake of the Woods	Test (compost)	99,600	99,600
Polk County	Transfer Station	46,434	436,000
Prairieland	MSW Compost	2,000,000	7,200,000
Wright County	MSW Compost	2,000,000	13,200,000
Kandiyohi County	MRF/HHW	721,524	1,515,346
East Central	MSW Compo/TS	2,000,000	13,440,000
Goodhue County	MRF	441,213	1,214,441
Hubbard County	MRF	302,053	643,037
North Mankato	MRF	181,050	465,150
Dodge County	MRF	274,649	707,618
Olmsted County	Ydwste Compost	126,640	309,320
Lake County	MRF	117,060	234,120
Fillmore	MSW Compost	186,722	734,300
	subtotal	9,341,273	41,774,391

Dollars in Thousands ($137,500 = $138 thousand)

1992-93

Recipient	Project	Grant Amt	Total Cost
Clearwater County	MRF	121,110	242,220
Hennepin County	Spec Wste/HHW	341,100	682,200
Pennington County	MSW Compost	488,805	977,610
Redwood County	MRF	108,684	296,368
Cass County	MRF/HHW	517,951	1,348,997
WLSSD	Spec Wste/HHW	328,931	691,370
Blue Earth	Spec Wste/HHW	189,905	451,310
	subtotal	2,096,486	4,690,075

1994-95

Recipient	Project	Grant Amt	Total Cost
Olmsted County	Spec. Wste/HHW	234,850	469,700
Otter Tail County	MRF/HHW	975,120	2,139,625
Koochiching County	MRF/HHW	545,690	1,598,770
Cook County	MRF	142,775	295,050
Waseca County	MRF	103,731	207,462
Polk County	MRF	675,000	1,400,000
	subtotal	2,677,166	6,110,607

1996-97

Recipient	Project	Grant Amt	Total Cost
St. Louis County	Spec. Wste/HHW	112,500	225,000
Scott County	Spec. Wste/HHW	275,000	562,000
City of Fergus Falls	W-to-E Retrofit	730,000	1,460,000
Olmsted County	W-to-E Retrofit	2,969,400	5,938,800
Polk County	W-to-E Retrofit	1,425,000	2,950,000
Pope/Douglas	W-to-E Retrofit	2,799,205	6,170,000
City of Red Wing	W-to-E Retrofit	1,175,000	2,420,000
	subtotal	9,486,105	19,725,800

1984-88 Grant and Loan Awards

Recipient	Project	Grant	Loan	Total Award	Total Cost
Ramsey	MRF	277,250	277,250	554,500	678,000
Pennington	W-to-E (rdf)	300,000	482,413	782,413	1,400,000
WLSSD	W-to-E	300,000	300,000	600,000	4,600,000
Olmsted	W-to-E (Incin)	300,000	300,000	600,000	18,000,000
Olmsted	MRF	300,000	344,150	644,150	735,500
Fillmore	Comp/MRF	351,720	48,240	399,960	733,440
St. Louis	Spec/Tires	290,000	110,000	400,000	590,000
Lake/Woods	Comp/MRF	199,750	199,750	399,500	399,500
	subtotal	2,318,720	2,061,803	4,380,523	27,136,440

TOTAL COSTS: **$130,034,592**
STATE SHARE: **37,632,519**
LOCAL SHARE: **$92,402,073**

AWARDS BY PROJECT TYPES

Project Type	Grants	Grant Amount	Total Costs
TEST	12	685,758	685,758
Recycling	23	8,308,835	17,803,853
W-to-E (rdf & incin)	13	16,802,143	62,881,300
MSW Compost	8	8,185,987	38,106,850
Transfer Station	9	881,809	3,884,984
Yard Waste	2	299,290	654,620
Special Wste	8	2,468,697	6,017,227
Total	75	37,632,519	130,034,592

Dollars in Thousands ($137,500 = $138 thousand)

PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 1 of 1

1998 STATE APPROPRIATION REQUEST: $5,000

PROJECT DESCRIPTION:

The Waste Management Act has advocated integrated solid waste management and resource recovery since 1980. Under the Solid Waste Processing Facilities Capital Assistance Program (CAP), the Minnesota Office of Environmental Assistance (OEA) has offered grants to local governments to help finance the capital costs of constructing solid waste resource recovery and processing facilities. Through the CAP program, the OEA has helped finance 58 solid waste facilities.

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, financial matters, and institutional challenges associated with the proposed projects.

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

- Waste-to-energy facilities
- Recycling facilities
- Composting facilities
- Transfer stations that will serve waste processing facilities
- Facilities that will process special waste streams (i.e., household hazardous waste)
- Projects to improve control of or reduce air emissions
- 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.

Examples of eligible capital costs are:

- Final design, engineering and architectural plans
- Land
- Structures
- Waste processing equipment
- On-site roads, parking and landscaping
- Transfer Station structures and transportation containers

Following is a list of identified interested applicants who are proposing project development and construction over the next six years. The OEA is requesting $5 million for FY 1998-99.

Interested Applicant	Proposed Project	CAP Costs	Costs	Applicant's Costs	Total
1998-99					
Carver	HHW	$250,000		$250,000	$500,000
Chisago	HHW	$150,000		$150,000	$300,000
Clay/Becker	Comp/MRF	$4,000,000		$8,000,000	$12,000,000
Dodge	HHW/Comp	$100,000		$100,000	$200,000
City of Fridley	MRF	$20,000		$20,000	$40,000
Lake	HHW	$13,000		$13,000	$26,000
McLeod	HHW	$70,000		$70,000	$140,000
Markit	MSW MRF	$1,500,000		$1,500,000	$3,000,000
New Ulm	Yardwaste	$55,000		$55,000	$110,000
Pipestone	MRF/HHW	$125,000		$125,000	$350,000
Prairieland	Emissions	$250,000		$250,000	$500,000
City of Rushford	Yardwaste	$17,500		$17,500	$35,000
St. Louis	MRF	$1,250,000		$1,250,000	$2,500,000
Benton/Stearns Sherburne	HHW	$100,000		$100,000	$200,000
Winona	HHW	$300,000		$300,000	$600,000
		$8,200,500		$12,200,500	$20,401,000
2000-01					
Dodge	Spec. Waste	$175,000		$175,000	$350,000
Hubbard	Spec. Waste	$1,000,000		$1,000,000	$2,000,000
Hutchinson	Org. Comp	$1,500,000		$1,500,000	$3,000,000
Pope/Douglas	Upfront MRF	$1,500,000		$1,500,000	$3,000,000
St. Louis	MSW Comp	$2,000,000		$8,000,000	$10,000,000
		$6,175,000		$12,175,000	$18,350,000
2002-03					
North Central	Processing	$4,000,000		$8,000,000	$12,000,000
Southwest	Processing	$4,000,000		$8,000,000	$12,000,000
West Central	Processing	$4,000,000		$8,000 000	$12,000,000
		$12,000,000		$24,000,000	$36,000,000

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The OEA's long-term strategic goal is to help local units of government establish cost effective and environmentally sound integrated solid waste management systems by maximizing the recovery of materials and energy from waste. Integrated solid waste management systems are Minnesota's best protection against financial liabilities and environmental degradation resulting from land disposal of solid waste.

The CAP Program serves to encourage counties to accept the responsibilities of managing solid waste and to also work together, thus, resulting in an integrated solid waste management system for Minnesota whereby all counties will have access to a solid waste processing facility.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

The continued funding of the CAP Program will have no impact on the OEA's operating costs.

OTHER CONSIDERATIONS:

Without the CAP Program's offering of technical and financial assistance, many local governments would have less incentive to be moving forward in addressing the solid waste management issue. For many counties, developing an integrated solid waste management system is a complex, controversial, and expensive endeavor. The CAP Program is an incentive to local governments to develop an integrated solid waste management system and an opportunity for the state to be a partner with local governments in developing a statewide system in Minnesota. The OEA's administration of the CAP Program helps to develop projects that are technically, institutionally, and financially sound.

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

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Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	39,200	5,000	9,000	12,000	65,200
State Funds Subtotal	39,200	5,000	9,000	12,000	65,200
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	92,000	9,401	15,350	24,000	140,751
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**131,200**	**14,401**	**24,350**	**36,000**	**205,951**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
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

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
Yes	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
Yes	MS 16A.695: Use Agreement Required (Finance Dept)
Yes	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

Predesign does not apply to grants which fund projects of this nature.

Department of Finance Analysis:

This request provides funding for OEA's Capital Assistance Program, a program initiated by the 1980 Waste Management Act which is the primary state policy which guides state and local decision makers in placing priorities on landfill abatement and resource recovery. The Act directs policy makers to consider a hierarchy of feasible and prudent alternatives to land filling. Funding of this request provides matching funds to support land filling alternatives and reduces the capital costs for local units of government and, in turn, lowers the costs to the customers and helps the facility compete financially with landfill operations. This request complied with the Department of Finance recommendation that local units of government provide at least 50% non-state funding.

One of the issues with this program has been the length of time needed to get to the construction phase once the money has been appropriated. At the beginning of this fiscal year, OEA had unexpended balances from the 1990, 1992, 1994, and 1996 bonding appropriations. Project awards, however, have been made for all but $200 thousand. Recognizing the length of time it has taken to spend prior appropriations, OEA is requesting funding only for projects that should be under construction within the next two years. OEA may also provide grants for predesign and design phases for other projects, but will postpone requests for construction money until the project design has been completed. This will reduce the time between receiving the appropriation and spending it.

Governor's Recommendation:

The Governor recommends general obligation bonding of $5 million for this project, contingent upon local government funds of $9.401 million. Also included are budget planning estimates of $9 million in 2000 and $12 million in 2002.

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	105
Agency Priority	0/25/50/75/100	100
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**	**460**

Dollars in Thousands ($137,500 = $138 thousand)

Project Title	1998 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 1998	Governor's Planning Estimate	
		1998	2000	2002	Total			2000	2002
MPFA State Matching Fund	1	$18,000	$16,075	$5,739	$39,814	504	$18,000	$16,075	$5,739
MPFA Wastewater Infrastructure Funding	2	9,180	20,000	20,000	49,180	320	9,180	9,180	9,180
MPFA Transportation Revolving Fund	3	15,000	0	0	15,000	192	0	0	0
Total Project Requests		$42,180	$36,075	$25,739	$103,994		$27,180	$25,255	$14,919

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AGENCY MISSION STATEMENT:

To employ all of the available state government resources to facilitate an economic environment that produces net new job growth in excess of the national average and to increase nonresident tourism revenues (M.S. 116J.011)

Organization:

The department is organized under M.S. 116J into 3 operating divisions. The primary emphasis of the Business and Community Development Division (BCD) is to facilitate the growth of high quality jobs through a variety of programs that provide financing for vital infrastructure, training, technical services for businesses and communities. The staff assigned to administer the programs of the Public Facilities Authority (PFA) are housed in the Business and Community Development Division.

The **Minnesota Trade Office** works to promote, assist, and enhance exports and direct foreign investments that contribute to the growth of Minnesota's economy. Primary functional areas include: export outreach and education; international marketing and investment; and export finance.

The **Minnesota Office of Tourism** markets Minnesota as a travel destination to tour operators, group tours and travel agents; promotes coverage of Minnesota in international and travel trade media; and initiates, develops, and coordinates activity with travel industry buyers and sellers in the United States and throughout the world.

Summary of Programs and Services provided by the Authority:

The PFA plays a critical role in improving the state's infrastructure and economic health by financing essential infrastructure projects for clean water, drinking water and transportation. Infrastructure (water, storm water, wastewater, road, bridges and transit services) is the foundation which communities build upon to capture economic development opportunities. The PFA is governed by a board composed of state agency/department commissioners representing the Department of Finance, DTED, Minnesota Pollution Control Agency (MPCA), and the departments of Health, Agriculture, and Transportation.

Clean Water: In conjunction with MPCA, the PFA manages the very successful Water Pollution Control Revolving Fund (or Clean Water SRF) and the associated bond pool (M.S. 446A.12-446A.20), which provides low interest loans to municipalities for wastewater and storm water projects. This bond fund is rated AAA/Aaa by Standard and Poors and Moody's Investor Services respectively. The PFA has leveraged federal capitalization grants and state matching funds with revenue bonds to create a revolving fund adequate to finance all municipalities applying to the program. In fact, the state match's share of the total project financing has been 6 cents of every dollar spent on projects from the fund, while direct general fund tax collections associated with the construction generate 9 cents for every dollar spent.

In addition to the Clean Water SRF, the PFA administers the Wastewater Infrastructure Funding Program (WIF), which provides deferred/forgivable loan funding to communities that are unable to afford loans under the Clean Water SRF program.

The MPCA provides substantial administration for projects that qualify for and/or receive financing through the SRF and WIF programs. Along with prioritizing projects, the MPCA provides technical review of planning documents, environmental review documents, and plans and specifications. The MPCA also helps projects obtain proper permits and conduct inspections during and after construction.

Drinking Water: In the reauthorization of the Safe Drinking Water Act (SDWA) in 1996, Congress established a state revolving fund program for public drinking water projects and provided capitalization grant funding for state's to establish state drinking water revolving funds. The 1994 Legislature established the Drinking Water Revolving Fund (DWRF) in anticipation of federal action. The 1997 Legislature modified statute 446A.081 to comply with federal requirements. The PFA expects to have rules adopted and begin processing loans for drinking water before end of 1997. The DWRF program is administered by the PFA and the Minnesota Department of Health (MDH) in a manner similar to the current joint administration by the PFA and the MPCA of the Water Pollution Control Revolving Fund program. The MDH commissioner is a member of the PFA. The PFA and MDH staff have been working together developing program procedures and writing rules for the program since the reauthorization became law in August of 1996 and EPA released their guidance (similar to rules) in February 1997.

Transportation: The 1997 Legislature created the Transportation Revolving Loan Fund (446A.085) in response to the U.S. Department of Transportation's State Infrastructure Bank (SIB) program designed after the Clean Water SRF to capitalize SIB's or state revolving funds for transportation projects. The major source of transportation funding will remain federal grants and constitutionally dedicated transportation revenues at the state level. The U. S. Department of Transportation is seeking to use SIBs to generate new and innovative ways to reduce transportation costs and to seek ways to leverage other funds.

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

Wastewater: The Clean Water SRF program is projected to receive federal funding through F.F.Y. 2003. States are required to provide a $1 state match for every $5 of federal funding. The PFA requests state match funding to continue to obtain federal funds that are expected to remain available through the year 2003.

The need for state assistance in helping municipalities finance wastewater projects has continued to grow under the Clean Water SRF and WIF Programs. The state has been able to keep up with the demand for low-interest loans through the SRF to finance the projects up to this year. The Intended Use Plan prepared by MPCA for F.Y. 1997 has shown a sharp increase in high cost projects in need of grant assistance, many of which are unsewered communities or lakeshore property.

There remain numerous unsewered communities, which combined with rural residents, means that 27% of the housing units in Minnesota are not connected to a central sewer system. Untreated and inadequately treated sewage poses a health risk to our citizens. Unsewered communities cannot afford to construct collection and treatment systems without grant subsidies.

The MPCA has been performing mandated administration functions related to the WIF program without funding. The 1997 Legislature provided funding for one year for 4 positions to perform the administrative and technical review functions associated with the SRF and WIF programs. The legislature also recommended the MPCA request ongoing funding support for these administrative responsibilities as part of the 1998 Capital Budget.

The PFA has submitted a WIF report to the legislature with current estimates and recommendations regarding the program based on the issues that have arisen. Among the issues to be addressed are: the need to modify the eligibility threshold to spread the limited resources around and to target the funds where they are needed the most; lowering the maximum amount of WIF funding to make these limited funds available to more communities; how to most appropriately address the needs of unsewered areas; providing assistance to communities willing to apply technological innovations that have potential to reduce costs and improve the treatment process; lakeshore area development--its role in the land use planning arena; and the long-term financial implications to the state of the WIF program providing supplemental assistance for increased costs for projects that discharge wastewater into outstanding resource-value water.

Drinking Water: The 1997 EPA Drinking Water Infrastructure Needs Survey identifies a total of $2.4 billion in public drinking water system improvement needs over the next 20 years, or $120 million in annual investment in current dollars.

Threats to drinking water can come from contamination such as bacteria, viruses or nitrates from animal or human activities or naturally occurring materials such as radon or arsenic. Currently, four types of contaminants and their regulation are of primary importance to small public drinking water supplies:

Microbiological contaminants: Microbiological contamination by waterborne pathogens (bacteria and viruses) of a public drinking water source can cause a variety of illnesses, including acute gastrointestinal illness, Legionnaire's disease, cholera, hepatitis and amoebic dysentery.

Nitrates and nitrites: Major sources of nitrates or nitrites are fertilizers, sewage from failing septic systems and animal feedlots. The most serious problem associated with high levels of these chemicals is methemoglobinemia or "blue baby" syndrome. Systems with high nitrate or nitrite levels may need to install an ion exchange system or a reverse osmosis system.

Lead: Lead enters drinking water primarily from a combination of corrosive water and household plumbing materials containing lead. Ingestion of high levels of lead over time may cause damage to the brain, nervous system, red blood cells and kidneys. In children, it has been associated with impaired mental development and hearing problems. The USEPA has established an "action level" for lead. Public drinking water supplies that exceed the action level must provide public education and follow a series of steps to find a solution to their lead problem. Addition of chemicals to prevent corrosion or the replacement of lead pipes may need to be done for public water supplies experiencing high lead levels.

Data from the past monitoring period indicate that 60 small community supplies have exceeded the action level for lead.

Industrial chemicals and pesticides: These contaminants may cause gastrointestinal upset, cancer and chronic nervous system disorders. More information is needed about the nature and extent of contamination from industrial chemicals and pesticides and the MDH is currently continuing extensive monitoring for these contaminants in public drinking water started in 1993. Granular activated carbon or packed tower aeration systems may be needed to treat high levels of these contaminants.

Transportation: Congress has appropriated $150 million for F.F.Y. 1997 to capitalize SIBs and is expected to continue to do so in the future. Minnesota's allocation is expected to be in the $3-4 million range annually. States are also allowed to use up to 10% of their annual federal funding allocation to capitalize the SIB. Federal funds are used to capitalize the SIB. Federal funds must have a 25% match ($1 state for every $4 federal). The 1997 Legislature allowed the Commissioner of Transportation to transfer up to $15 million in trunk highway funds each year in 1998 and 1999 into the trunk highway revolving loan account in the trunk highway fund. Because trunk highway funds are constitutionally dedicated for use only on state trunk highways, this appropriation limits project funding to trunk highway projects.

Based on an August 1997 analysis of transportation loan funding needs over $400 million in short term statewide financing needs exist over the next two years, including $238 million in city and county projects, $32 million in turn back projects, $30 million in bridges, $14 million in debt management projects, $53 million in transit projects and $35 million in corridor preservation projects. In addition, there is another $400 million worth of eligible loan projects in need of loan funds beyond the year 2000 for accelerated corridor projects, intermodal facilities, commuter rail, etc.

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

Clean Water SRF: The PFA's Clean Water SRF has considerable financial strength to finance municipal storm water and wastewater projects that can afford loans. The AAA/Aaa ratings from Standard and Poors Rating Group and Moody's Investor Services of the PFA's Water Pollution Control Revolving Fund Bond Pool reflects its financial strength, the credit quality of Minnesota communities and the financial management of the program.

The PFA provides the federal administrative funding for the SRF program to the MPCA for administrative functions but lacks a source of funds to provide similar funding for the WIF program. The 1997 Legislature provided funding for 1 year for 4 positions to perform the administrative and technical review functions associated with the SRF and WIF programs. The legislature also recommended that the MPCA request ongoing funding support for these administrative responsibilities as part of the 1998 Capital Budget.

The demand for funding has continued to grow since a slight decline in 1993 and 1994 due primarily to the widespread impact of the 1993 floods. The PFA needs to assure adequate funds exist in the Water Pollution Control Revolving Fund to address municipal infrastructure needs.

Since 1994, the demand for municipal wastewater has grown drastically to the point that the fund can no longer finance all projects that are ready to proceed and may only fund one third of the eligible projects on the 1998 Intended Use Plan. The PFA has provided over $45 million for nonpoint source programs at a cost of over $120 million in municipal wastewater projects. Due to the growing demand and limited ability of the fund to provide deep interest rate subsidies, the PFA recommends that the nonpoint source pilot projects, if they are to be continued, seek other, more appropriate sources of funding to continue their efforts.

Drinking Water: In response to a preliminary survey by the Minnesota Department of Health and the PFA, more than 100 cities indicated their interest in financing projects totaling over $220 million through the Drinking Water Revolving Fund Program over the next 2 years. It is anticipated these projects will actually spread their construction starts over a 3- or 4-year period.

By using the revenue bonding authority, which was increased by the 1997 Legislature to $850 million, the PFA will leverage future EPA funding and state matching funds to fund an estimated $40-45 million worth of drinking water projects at below-market rates annually, or about $12 of construction work for every state match dollar.

Transportation: The PFA has just begun to work with the Department of Transportation on the numerous issues involved in setting up the program and identifying the issues related to transportation financing. The major problem this program faces is the lack of up-front capital sources that are not constitutionally dedicated and will allow maximum flexibility in funding a variety of eligible projects, including intermodal facilities, transit projects, and state and local highway projects in an innovative and cost effective manner.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The Water Pollution Control Revolving Fund (SRF) has proven to be effective and efficient. The PFA remains committed to maintaining its excellent bond ratings and recognition in the market place allowing it to borrow funds as cheaply as possible to finance clean water infrastructure. The PFA remains committed to maintaining the Water Pollution Control Revolving Fund and to building its capacity continue to addressing future clean water infrastructure needs.

The MPCA is committed to providing communities with the technical reviews needed for each project. In the past the MPCA has been effective in its turnaround time for essential project reviews. With increased funding, the MPCA would like to continue its responsiveness to its customers health and environmental risks.

The PFA is beginning to implement the Drinking Water Revolving Fund program now that funding from from the USEPA and the required state match is available. Rules should be adopted this fall and loans processed.

The PFA will begin to work with the Department of Transportation to implement the Transportation Revolving Fund in the upcoming year. The fund needs more money to become capitalized to the point where the PFA can begin to have a financial impact on major transportation projects. The PFA expects to make loans by August 1998, provided state matching funds allow us to fund various priority projects.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

The Minnesota PFA consists of 6 separate agencies with the staffing and administrative support provided by the Commissioner of Trade and Economic Development. Of the 3 areas for which the PFA is requesting funding, the executive director of the PFA sought and obtained input from each of the 3 agencies that certify projects to the PFA for funding consideration. In the area of Clean Water (state match to the SRF, WIF, and WIF administrative funding for MPCA), the director sought and obtained input from the Pollution Control Agency. In the area of

Drinking Water, input was sought and obtained from the Department of Health, and the amount requested was calculated using the authorized funding levels for the program through the year 2003 and the state's estimated share based on EPA's needs survey. The Department of Transportation's input into the Capital Budget was sought and obtained. It was agreed that $15 million was an appropriate state matching amount to help capitalize the Transportation Revolving Fund with seed funds that can also be used as flexible state matching funds. The PFA approved the Capital Budget request in July.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1990-1995):

The PFA made its first wastewater SRF loan in July 1989 and has been successful in demonstrating that the state can minimize the amount of grant funds needed and still continue an aggressive level of wastewater construction activity with over $500 million worth of loans made through F.Y. 1997.

The Drinking Water Revolving Fund rules have been adopted and the PFA will be applying for $42.086 million in federal funds, which we expect to receive in October, 1997. The state matching fund and the federal capitalization fund are expected to be fully under contract within six to nine months.

The following table shows the number of projects, loans and amounts made by leveraging the state match funds through 6-30-97 for the Water Pollution Control Revolving fund.

FFY Grant Year	St Match Contrib in $000's	Total Amt of loans Leveraged by St Match	Number of Loans/ Projects
1992	$8,055	$61,808	12/16
1993	7,075	41,215	16/22
1994	4,384	59.538	14/31
1995	2,962	88,195	32/50
1996	7,417	69,513	21/35
1997	2,833	81,629	40/40

(1) Using all funds, revenue bond proceeds, state match, loan repayments, and loans from EPA Cap. Grant.

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 1 of 3

1998 STATE APPROPRIATION REQUEST: $18,000

PROJECT DESCRIPTION: State Matching Funds for EPA Capitalization Grants

The state is required to match the EPA Capitalization Grants $1 for every $5 federal for both the Water Pollution Control Revolving Fund (or Clean Water SRF) and the Drinking Water Revolving Fund. Since 1995, the federal funds for the Water Pollution Control Revolving Fund have been used to provide funds for the nonpoint source pollution control programs, including the Department of Agriculture's Best Management Practices Loan Program, MPCA's Clean Water Partnership Loan Program, DTED's Tourism Septic System Loan Program and Small Cities Septic System Loan Program, as well as for debt service reserve for municipal wastewater projects funded under the Water Pollution Control Revolving Fund. The Federal Capitalization Grant for Drinking Water will be used primarily as a debt service reserve fund to back the PFA's Revenue Bonds for drinking water projects, with a small amount reserved for emergencies and direct loans. In both programs the state matching funds are used only for municipal/publicly owned improvements.

Fiscal Year	Proposed Federal Funding Level Clean Water	Proposed Federal Funding Level Drink. Water	State Match for Clean Water	State Match for Drinking Water	Total State Match
1998 Legislative Session Request: ($ in thousands)					
1998	$20,001	$12,035	$4,000	$2,407	$6,407
1999	$18,606	$15,355	$3,721	$3,071	$6,792
2000	$18,606	$16,185	$2,567*	$2,233*	$4,801
TOTAL	**$57,213**	**$43,575**	**$10,288**	**$7,711**	**$18,000**

* the full required match would be: $3,721 and $3,237 respectively

Fiscal Year	Proposed Federal Funding Level Clean Water	Proposed Federal Funding Level Drink. Water	State Match for Clean Water	State Match for Drinking Water	Total State Match
2000 Legislative Session Request:					
2001	$18,606	$16,185	$3,721	$3,237	$6,958
2002	$18,606	$16,185	$3,721	$3,237	$6,958
TOTAL	**$37,212**	**$32,370**	**$7,442**	**$6,474**	**$13,916**
2002 Legislative Session Request:					
2003	$12,094	$16,600	$2,419	$3,320	$5,739

Both the House and Senate have increased funding levels for F.F.Y. 1998 above the President's budget target, which is being used to estimate the amount of state matching funds needed. The federal appropriations shown in the table are based on OMB's interpretation of the balanced budget resolution. The requested amount of $18 million reflects the required match for F.F.Y. 1998 and F.F.Y. 1999 and a partial match for F.F.Y. 2000. The PFA will seek additional match funding in the 1999 session to fully match the F.F.Y. 2000 federal appropriation.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

Drinking Water and Wastewater are essential infrastructure for which communities across the state can build a competitive environment conducive to growth and expansion opportunities to develop quality jobs. The department recognizes the fact that environmental infrastructure must be built to address the expansion needs of businesses and communities throughout the state while preserving environmental quality.

OTHER CONSIDERATIONS:

Low-cost financing under the PFA's water and wastewater loan programs is an important element in helping communities contain costs associated with providing these essential services. Low-cost financing is a critical component of the state's ability to remain economically competitive.

Every $1 of state match generates $5 of federal funds and, combined, have leveraged more than double through the issuance of revenue bonds issued by the PFA. The interest rate savings from reduced debt service cost have saved local tax and rate payers more than $2 for every $1 the state pays in its debt service associated with this matching fund. As stated in the 1997 Report on Matching Money: "For every dollar under contract in these water quality programs the state's contribution was about 6 cents." It should be noted that municipal water and wastewater construction generates 9 cents in general fund revenues from the income tax, corporate income tax and sales tax for every dollar spent.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	842,727	368,788	335,657	284,433	1,831,605	07/1997	06/2006
GRAND TOTAL	$842,727	$368,788	$335,657	$284,433	$1,831,605		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	52,400	18,000	16,075	5,739	92,214
State Funds Subtotal	52,400	18,000	16,075	5,739	92,214
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	284,000	100,788	69,582	28,694	483,064
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	506,327	250,000	250,000	250,000	1,256,327
TOTAL	**842,727**	**368,788**	**335,657**	**284,433**	**1,831,605**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		0	0	0	0
Change in F.T.E. Personnel		2.0	0.0	0.0	1.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
Minnesota Laws of 1996, Chapter 463, Section 10	4,000
Minnesota Laws of 1994, Chapter 643, Section 25	13,400
Minnesota Laws of 1993, Chapter 373, Section 10	4,000
Minnesota Laws of 1992, Chapter 558, Section 15	7,500
Minnesota Laws of 1990, Chapter 610, Section 21	15,600
Minnesota Laws of 1989, Chapter 300, Section 18	4,700
Minnesota Laws of 1987, Chapter 400, Section 7	3,200

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	16,812	93.4%
User Financing	1,188	6.6%

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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

Predesign does not apply to projects of this nature.

Department of Finance Analysis:

In 1992, matching funds were appropriated for F.F.Y. 1993 and 1994. In 1994, matching funds were appropriated for F.F.Y. 1995 and 1996. In 1996, the legislature only appropriated funds for F.F.Y. 1997. The PFA is now requesting funding for 3 fiscal years (1998, 1999, and 2000).

A state contribution of the $18 million requested would leverage approximately $350 million. This program plays an important role in providing clean drinking water and waste water facilities in Minnesota, and operates efficiently and efffectively with the Pollution Control Agency and Department of Health. The program has demonstrated superb financial management practices and retains the highest ratings by private rating agencies.

Governor's Recommendation:

The Governor recommends general obligation bonding of $18 million for this project. Also included are budget planning estimates of $16.075 million in 2000 and $5.739 million in 2002.

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	94
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**	**504**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 2 of 3

1998 STATE APPROPRIATION REQUEST: $9,180

PROJECT DESCRIPTION: Wastewater Infrastructure Funding Program and Administration

Wastewater Infrastructure Funding Program funds are used to supplement loans from the Water Pollution Control Revolving Funds as well as supplemental loan and grant assistance provided by the USDA's Rural Development when it is necessary to provide additional subsidy to keep wastewater projects affordable at the local level. In previous funding requests the department projected a funding level of $20 million per biennium. This program provides deferred loans to underwrite 80% of the construction costs once operation, maintenance, replacement and debt service costs exceed $25 per month, or 1.5% annually of the median household income. The PFA will be requesting the eligibility criteria be raised.

The PFA is requesting General Fund appropriations for the cost of administering the WIF program at the MPCA. The amount requested for MPCA administration is 2% of the program request. Based on the $9 million program request for F.Y. 1999-2000, this results in $180 thousand for F.Y. 1999-2000 and a projected $800 thousand for F.Y. 2001-2004. The MPCA provides substantial administration for projects which qualify for and/or receive financing through the SRF and WIF programs. These administrative functions include technical review, permitting, enforcement, effluent limit determinations, and general administrative activities. Projects usually extend over 2 years with planning in the first year and final design and construction in the second year. It is estimated that 1 FTE can provide support for 8 to 10 projects. The MPCA estimates an additional 10 to 16 projects for each $10 million appropriated for the fund. This estimate is based on the number of additional requests that were received from 1996 to 1997 as a result of the funding provided.

The WIF program was modified by the 1995 Legislature. For the first 2 years of the program, the MPCA has been performing the above functions without funding. The 1997 Legislature provided funding for 1 year for 4 positions to perform the administrative and technical reviews associated with the SRF and WIF programs. The legislature also recommended that the MPCA request ongoing funding support for these administrative responsibilities as part of the 1998 Capital Budget.

The PFA has received a total of $28.3 million for the Wastewater Infrastructure Funding program, including $17.5 million in the 1996 Bonding Bill and $7 million in 1997 Bonding Bill. As of 12-1-97, the PFA has awarded 17 projects for $20.7 million and committed the remaining funds to 4 additional projects. All should be under contract before the end of 1997.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The economy can continue to expand and create quality jobs in Minnesota provided there is adequate environmental infrastructure capacity in place or ready to be built in order to address the needs of the people and businesses in the state. This program gives the small communities the opportunity to share in the benefits of a growing economy by addressing their wastewater needs while keeping costs affordable for their residents.

OTHER CONSIDERATIONS:

The Wastewater Infrastructure Program (WIF) was designed to be a gap financing tool used in conjunction with the Water Pollution Control Revolving Fund and the USDA's Rural Development grant program for wastewater. Communities are required to seek grant assistance from other sources before becoming eligible, including USDA's grant program. The USDA staff have agreed to reduce their grant threshold from 2% of the annual median household income to 1.7% if WIF funding can be used to provide up to one-third or more of the grant determined to be needed to keep sewer rates at 1.7% of the median household income of a community. This is a unique state/federal partnership designed to coordinate assistance to communities to keep the systems affordable as well as make it easier for many of the smaller communities to access funding. The cooperative relationship will help communities set competitive prices for the wastewater services they provide.

This program has generated a substantial interest in small rural communities and lakeshore associations currently using septic systems. To keep the housing stock marketable this program is essential due to the high cost of sewering unsewered communities. Housing shortages are one of the primary barriers to additional economic growth throughout the state. To make these dollars stretch the furthest and to the most-needy communities, the PFA recommended in its WIF report a variety of substantial changes to the program. These changes include utilizing USDA rural development's water and sewer grants and loan program as the primary delivery mechanism for small communities with median household incomes below the non-metropolitan average. This will require a substantial amount of rethinking, program implementation and coordination between state and federal agencies to minimize paper work and confusion at the local level.

One of the changes the PFA will be seeking is a $500 thousand biennial set-aside for the cost of equipment and installation necessary to apply existing technology used in the private sector to municipal wastewater treatment facilities. The intent is to take proven technology and provide risk incentives to Minnesota manufacturers and communities that are willing to apply that technology to existing municipal wastewater treatment processes. The PFA expects to seek the introduction of modern technology into the wastewater treatment process which will be beneficial both for clean water and for expanding Minnesota products market niche.

The WIF program also requires communities that receive WIF assistance to set aside a minimum of $.10 per 1000 gallons in a system replacement fund to reduce future reliance on the state for grants when the system needs major rehabilitation or replacement.

The consequences of no administrative funding for MPCA would be a longer turnaround time for the review of the projects receiving funding. This would cause a backlog of projects needing technical review.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1997	06/2003
State Staff Project Management	214	180	0	0	394		
Construction Management	0	0	0	0	0		
SUBTOTAL	214	180	0	0	394		
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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	28,265	9,000	20,000	20,000	77,265	07/1997	06/2006
GRAND TOTAL	$28,479	$9,180	$20,000	$20,000	$77,659		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	28,265	9,000	20,000	20,000	77,265
General Fund Projects	214	180	0	0	394
State Funds Subtotal	28,479	9,180	20,000	20,000	77,659
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	**28,479**	**9,180**	**20,000**	**20,000**	**77,659**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	180	400	400	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	180	400	400	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**180**	**400**	**400**	**0**
Change from Current FY 1998-99		180	400	400	0
Change in F.T.E. Personnel		1.7	3.7	3.7	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
Minnesota Laws of 1997, Chapter 246, Section 5	7,000
Minnesota Laws of 1996, Chapter 463, Section 10	17,500
Minnesota Laws of 1990, Chapter 610, Section 22	700
Minnesota Laws of 1990, Chapter 610, Section 21	381
Minnesota Laws of 1989, Chapter 300, Section 17	390
Minnesota Laws of 1987, Chapter 400, Section 7	2,294
Minnesota Pollution Control Agency Administration $	214

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	9,000	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

Predesign does not apply to projects of this nature.

Department of Finance Analysis:

In addition to the appropriation, the statutes for the program should be modified to make the program more need-based or require local funding. Under existing law, the program provides grants to communities to ensure sewer charges don't exceed a certain amount, regardless of the affluence of the community or areas within the community.

Governor's Recommendation:

The Governor recommends general obligation bonding of $9 million and a general fund appropriation of $180 thousand for this project. Also included are budget planning estimates of $9 million in 2000 and $9 million in 2002.

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	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**	**320**

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 3 of 3

1998 STATE APPROPRIATION REQUEST: $15,000

PROJECT DESCRIPTION: Transportation Revolving Fund

The PFA, in cooperation with the Department of Transportation (MnDOT), requests $15 million to capitalize the Transportation Revolving Fund established by the 1997 Legislature (laws 1997, Chapter 141, M.S. 446A.085). The fund can finance numerous transportation and transit projects, provided the sources of funds used for matching dollars are not limited, such as the constitutionally dedicated trunk highway, county state aid and municipal state aid street funds. At present, only trunk highway projects are eligible because the only source of state matching funds authorized by the 1997 Legislature is from the constitutionally dedicated trunk highway fund. The $15 million request will allow the MnDOT commissioner to obtain and transfer over the next 2 fiscal years up to $60 million of federal transportation funds to capitalize the SIB without limitations to the specific type of highway or transit project that can be funded from the SIB. The program requires a 25% state match ($1 state for every $4 federal funds). Although the amount of grant funding specifically appropriated by the Congress to capitalize the SIB will be in the $3-4 million range annually, the MnDOT commissioner is allowed under federal law to transfer to the loan fund up to 10%, or about $25 million, of the federal transportation funds annually if matching funds are provided.

The PFA and MNDOT are seeking state matching funds that are not restrictive to the trunk highway trust fund. We are trying to capitalize the TRLF to be a flexible and innovative tool to finance a multitude of transportation projects.

MnDOT has identified over $800 million worth of transportation projects that could use this fund including over $400 million within the next couple of years.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

Efficient transportation systems are essential to a productive economy. When the cost of transportation rises due to poor quality or congested roads, detours, delays, or poor intermodal connections, the cost of goods rises and Minnesota products become less competitive. The state cannot expect to compete in the national and global market place unless we can assure the timely and efficient movement of goods and people on our transportation systems. The ability to finance and complete large and expensive projects on an accelerated basis can reduce the detours and delays that reduce productivity and can increase customer satisfaction.

The interagency relationship between MnDOT and DTED will be similar to that established with DTED, MPCA and Health in the establishment of revolving funds for wastewater and drinking water projects. DTED brings a quality team of staff knowledgeable in public finance, financial markets and the municipal bond market as well as having an excellent reputation for quality in the bond market. MnDOT has expertise in project management and establishment of priorities for transportation projects.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

DTED expects to implement the program with an equivalent of one new position, provided the state can obtain federal funding and administrative funds to cover the cost. MnDOT would provide the funding for DTED through an interagency agreement.

OTHER CONSIDERATIONS:

The Department of Transportation has developed a capitalization plan for the TRLF through the year 2000. The plan calls for continued receipt of federal seed money at $3.96 million annually with $24 million in additional federal funds available in F.F.Y. 1997 and $10 million each year in 1998 and 1999 prior to the 1999 biennial budget session, for a total of $55.88 million requiring $13.97 million in state matching funds. We anticipate annual funding at this level over the next biennium as well. The initial capitalization of the TRLF is critical to the success of this innovative financing program in its early years. As this program takes off over the next 2 years the PFA can also look at leveraging these assets to finance even more projects.

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	70,880	13,960	0	84,840	07/1997	06/2006
GRAND TOTAL	$0	$70,880	$13,960	$0	$84,840		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
General Fund Projects	0	15,000	0	0	15,000
State Funds Subtotal	0	15,000	0	0	15,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	55,880	13,960	0	69,840
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**0**	**70,880**	**13,960**	**0**	**84,840**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		0	0	0	0
Change in F.T.E. Personnel		1.0	0.0	1.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	0	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

Predesign does not apply to projects of this nature.

Department of Finance Analysis:

The State Infrastructure Bank is a new financing mechanism initiated and supported by the federal government. It is unclear how much of a demand there will be for this financing mechanism in Minnesota. The $15 million request appears to exceed what is needed or could be spent in the following biennium.

The 1997 Legislature has already provided DOT the opportunity, if demand warrants, to transfer up to $15 million in trunk highway funds into the loan fund, significantly more money than is needed to meet federal matching requirements.

An appropriation for this program would provide cities and counties with a lower interest alternative for funding transportation projects they might bond for themselves. A General Fund appropriation would provide more flexibility to the fund, allowing it to finance intermodal projects or local county, municipal, and township highway projects.

Governor's Recommendation:

The Governor does not recommend capital funds 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	25
User and Non-State Financing	0-100	17
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**	**192**

Dollars in Thousands ($137,500 = $138 thousand)

Project Title	1998 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 1998	Governor's Planning Estimate	
		1998	2000	2002	Total			2000	2002
RIM Reserve Permanent Wetlands - HABITAT	1	$20,000	$24,500	$24,500	$69,000	340	$20,000	$24,500	$24,500
Local Govt Road Replacement	2	5,830	8,130	8,130	22,090	185	5,830	8,130	8,130
Area II MN River Grant-in-Aid Program	3	1,000	800	400	2,200	275	1,000	800	400
Metro Greenway	4	900	1,830	1,330	4,060	80	0	0	0
Grass Lake Prairie Wetland		0	1,500	0	1,500		0	0	0
Conservation Farming Grants		0	4,500	4,500	9,000		0	0	0
Riparian Erosion Control		0	2,400	2,400	4,800		0	0	0
Total Project Requests		$27,730	$43,660	$41,260	$112,650		$26,830	$33,430	$33,030

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AGENCY MISSION STATEMENT:

The mission of the Board of Water and Soil Resources (BWSR) is to assist local governments to manage and conserve the state's irreplaceable water and soil resources.

Although other agencies are involved in resource management, the BWSR is unique in that it is the only agency that accomplishes its goal by directly increasing the capabilities of local government units.

To accomplish our mission, the BWSR:

- promotes communication and partnerships among state, local, and federal governments, as well as private organizations;
- administers a number of grant programs providing funding to local governments for resource management;
- conducts training sessions and provides technical assistance to local units of government; and
- coordinates state government activities as they affect local governments.

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

The following trends and issues are shaping the development of policies and programs at the BWSR:

- Even before Minnesota was a state, people were drawn by the region's bounty of natural resources. From the pristine lakes and stately pines of the north to the fertile prairies of the southwest, it was a land rich in fish and wildlife, timber, minerals and scenic splendor. Through wise stewardship, Minnesota's natural wealth has survived and it continues to exert a powerful influence on the state's culture and economy. Millions of state residents hunt, fish and watch wildlife. Many more enjoy the calming beauty of our pristine natural areas. All of which fuels a multi-billion dollar outdoors recreation and tourism economy. Past partnerships between state government and private conservationists have paid off by producing some of the best wildlife-based recreation in the country. But the natural foundation upon which so much of our state's health and heritage rests wont hold up forever without ongoing stewardship. Just as Minnesotans recognize the importance of spending time and money on such vital basics as schools and transportation systems, it's also necessary to continue making investments in our ecological infrastructure. The Reinvest in Minnesota Reserve program has proven to be a sound vehicle to make such an investment.
- Minnesota's lakes are our most visible and valuable natural resource and are the foundation of the Minnesota way of life. Minnesota's lakes are the cornerstone of the recreation and tourism industry and a significant portion of many local economies. Much of the state's recreation, tourism and resort industry is focused on lakes in fact: 96% of resorts, 55% of campgrounds and 16% of hotels are located on lakes. Minnesota's lakes generate billions of dollars for local and state economies.
- Increased reliance on partnerships for resource management. Partnerships - particularly between state, local and federal government - are an effective way to accomplish resource protection goals. State and federal government can provide the things that local government needs: technical and financial assistance, leadership, structure and a "big picture" view of resource management. Local governments can provide local perspective, local resource information, local funding and efficient implementation.
- Increased awareness among the general public, including landowners, of resource problems, and increased willingness to make reasonable sacrifices to accomplish resource conservation. More Minnesotans are becoming concerned about our environment, particularly water quality; many people have noticed deteriorating conditions in their favorite lakes or fishing streams. With approximately one-third of Minnesota adults either owning a cabin or having a family cabin, people are more willing to make reasonable sacrifices to protect and improve water quality.

  A continued emphasis on education will result in greater commitment of landowners to conservation practices and elected officials with increased leadership and decision making ability.
- Increased acknowledgement of the role of local government. Over the past several years, state agencies in Minnesota have grown increasingly dependent on local governments to carry out various state initiatives. Programs such as the Local Water Resources Protection and Management Program, the Wetland Conservation Act, and the Feedlot Program rely on local governments to implement day-to-day activities. State agencies acknowledge that local government officials and staff have advantages that the state does not: knowledge of local resources and attitudes, personal friendships, and an awareness of local needs and priorities.
- Increased local government capabilities. With these increased expectations and BWSR assistance, some local government capabilities in resource management have grown significantly over the past few years. Local governments now need a

wider variety of training and assistance, from the most basic level to advanced, in areas such as technical skills, leadership, and management. The BWSR must adjust its assistance to ensure that each local government meets a base level of capability, while those who need a higher level of training receive it.

- Movement from planning to implementation phase of non-point source strategy. As Minnesota moves from the planning to the implementation stage of its non-point source strategy, BWSR's local government network increases in importance as a means of disseminating financial and technical aid to local governments. The BWSR has the structure and the relationships needed, through local water planning, to address non-point concerns at the local level.

- Increased public willingness to use non-judicial methods of appeal. Both the Wetland Conservation Act (approved in 1991) and amendments passed to the Watershed District Act (M.S. 103D) assign BWSR responsibility for hearing appeals. In the past few years the number of appeals coming before the BWSR has increased dramatically, both in number and complexity.

- Federal actions. Federal actions over the past several years have tended to increase pressure on BWSR and local governments. Federal Conservation Reserve Program (CRP) contracts began expiring in 1995, and current program policy indicates significantly fewer CRP funds are being directed toward Midwestern states. Unless state programs, such as the Reinvest in Minnesota Reserve Program (RIM) offer landowners easements, we will see many of these marginal, erodible acres returned to cropland. Minnesota's erosion rate is already the second highest in the country. Returning these acres to production will increase erosion. Finally, decreased USDA staffing levels for the Natural Resources Conservation Service (NRCS) has elevated pressure on local and state governments to provide the technical assistance necessary to design and install conservation practices.

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

The capital budget projects proposed and the corresponding funding in this request are our best estimate of funds needed to accomplish the tasks as described in the individual project detail analysis narratives.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The BWSR uses state bond funds to accomplish projects on public property or on private lands that will have long-term public benefit. To protect the public interest, projects on private lands are accomplished through easement acquisitions.

The BWSR Strategic Plan identifies 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 controlling natural resource management problems. One of the BWSR's major tenets is that water and soil management is best implemented at the local level on a voluntary, comprehense, and collaborative basis. The projects outlined in the capital budget request use the "incentive strategy" as tools available to local government to enhance local program delivery. Incentives should discourage harmful land and water use activities and encourage beneficial ones. Incentives should encompass urban as well as rural values, and should promote loan programs as well as traditional grant programs.

Some agency goals and objectives that are achieved through capital projects include:

- Protecting or retiring marginal and highly sensitive agricultural lands.

- Targeting land retirement programs to the highest priority marginal and sensitive agricultural lands.

- Retiring marginal and highly sensitive agricultural land permits land managers to focus their stewardship efforts on more productive lands.

- Creating and protecting natural retention systems to aid in the management of surface water runoff and enhance groundwater recharge.

- Striving towards a "net gain" of wetland resources.

- Installing best management practices on Minnesota lands.

- Targeting land treatment cost-share programs to erosion-prone productive lands.

Most, if not all, of BWSR's programs and areas are affected by these capital bonding requests. This is due to the interdependent nature of our areas of expertise.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

Budget requests were based on historic requests from local governments for financial assistance. Both the RIM Reserve Habitat and the BWSR Lakes initiative requests were derived in collaboration with other agencies through the Environmental Cluster group.

The agency relied on acreage and sign up estimates based on historical program demands to propose the request for the RIM Reserve Program to the Environmental Cluster. Assumptions were made that the Conservation Reserve Enhancement Program (CREP) would be fully funded. All estimates considered the amount of eligible land for the program and forecasted landowner interest. Internal agency estimates were used to arrive at the amount requested for the permanent wetland preserve program. All requests are a reflection of demands for service or assistance of local government and citizens.

The Area II request was based on the short and long range work plans which reflect project priorities and available capabilities.

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AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1992-1997) (in $000)

FY 1992/1993

Wetland Restorations	$5,000
Wetland Easements	$7,000
Rim Easements	$3,150

FY 1994/1995

Redwood River Project 22	$ 800
RIM Easements	$9,000

FY 1996/1997

Area II Minnesota River Basin Grants	$ 250
RIM/PWP Easements	$11,500
Wetland Replacement Credits	$ 3,000

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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 1 of 4

1998 STATE APPROPRIATION REQUEST: $20,000

PROJECT DESCRIPTION:

This request is for $16.8 million in bonding to acquire conservation easements and a direct appropriation of $3.2 million for the professional and technical services necessary to administer and implement the RIM Reserve and PWP Easement programs. This would supplement the $805 thousand received for RIM in the F.Y. 1998-99 General Fund appropriation.

Minnesota's natural wealth exerts a powerful influence on the state's culture, while fueling a multi-billion dollar outdoor recreation and tourism economy. At a time when outdoors recreational activities are on the rise, acting now to enhance fish and wildlife habitat and to preserve remaining natural areas will assure that the wild and natural heritage we've inherited will be passed on as a living legacy. The RIM Reserve/Permanent Wetlands is one component of the Governor's Access to the Outdoors Habitat Initiative which aims at protecting Minnesota's outdoor legacy.

The RIM Reserve program was established in 1986 (M.S. 103F.505 to 103F.531) "to keep certain marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat." Funds will be used to acquire conservation easements on marginal lands in order to restore wetlands and establish permanent vegetative cover. Lands targeted for acquisition include riparian lands, drained restorable wetlands, sensitive groundwater areas and marginal agricultural croplands.

The permanent wetland preserve (PWP) program was enacted under the Laws of 1991 (M.S. 103F.516). Funding from this request will be used to acquire perpetual conservation easements on existing type 1 (seasonally flooded basin or flat), type 2 (inland wet meadow), type 3 (cattail) wetlands and type 6 (shrub) and adjacent lands, and for the establishment of permanent cover on the adjacent lands.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

Project Rationale

The RIM Reserve and PWP programs conform with the Board of Water and Soil Resources' (BWSR's) strategic plan by providing an incentive for local resource managers to protect and improve their water and soil resources. RIM Reserve and PWP are implemented at the local level by soil and water conservation districts (SWCDs).

RIM promotes the retirement of marginal intensive-use lands by paying landowners to replace cropping and grazing with conservation practices. This reduces runoff, erosion, and sedimentation, and benefits land, water, fish and wildlife resources. Specific benefits to the public include:

- preventing groundwater contamination to aquifers through the retirement of cropland overlying wellhead protection areas or in the immediate proximity of sinkholes;
- preventing further degradation of surface water quality by retiring riparian land, marginal agricultural cropland and restoring wetlands, which greatly reduces the sediment and nutrient loads associated with erosion;
- enhancing fish and wildlife by retiring marginal agricultural lands and establishing them to permanent vegetative cover.

The permanent wetland preserve (PWP) program was enacted during the same legislative session that the Wetland Conservation Act (WCA) of 1991 was passed. Both programs strive to protect the state's remaining wetland resources. The PWP program discourages the conversion of wetlands that are exempt from the regulatory restrictions of the WCA, and offsets the financial burden that may result when individuals are denied authorization to drain or fill a wetland. The PWP was created as the state waterbank program was ended. Even though the 2 programs are not identical, the PWP program was intended to replace the state waterbank program.

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.

Anticipated Outcomes

Target enrollment for the RIM Reserve and PWP programs is 17,500 acres for the 1998-99 biennium. This includes 12,075 acres of marginal lands (including riparian lands and groundwater sensitive lands); 3,500 acres of drained wetlands; and 1,925 acres of existing PWP wetlands.

Only the most environmentally sensitive lands are targeted for easement acquisition under the RIM Reserve. Lands that significantly contribute to the degradation of ground and surface water resources, lands that continually flood, and lands in critical habitat areas where important wildlife habitat will be restored or enhanced. RIM promotes the retirement of these marginal, environmentally sensitive lands by paying landowners to stop cropping and grazing and to establish conservation practices. This conserving use reduces runoff and erosion and benefits land, water, fish and wildlife resources.

Dollars in Thousands ($137,500 = $138 thousand)

For PWP easement acquisition the BWSR will give highest priority to enrolling existing wetlands that are highly susceptible to alteration, i.e., farmed wetlands or wetlands not protected by state or federal laws.

Acreage Enrollment Goals:

Year	Rim Marginal Acres	Rim Wetland Acres	PWP Acres	Total Acres
98-99	12,075	3,500	1,925	17,500
00-01	17,500	5,000	3,000	25,500
02-03	17,500	5,000	3,000	25,500
Total	47,075	13,500	7,925	68,500

Funds Required To Enroll Goal Acreage:

Year	Marginal Lands	Wetland Restore	PWP	Total $$$
98-99	$11,580	$3,360	$1,860	$16,800
00-01	$16,800	$4,800	$2,900	$24,500
02-03	$16,800	$4,800	$2,900	$24,500
Total	$45,180	$12,960	$7,660	$65,800

The average cost / acre dollar amount of $959.00 was used to figure funds required to enroll goal acreage.

Achieving the enrollment acreage goals will be dependent on:

1. The state's financial commitment to the program.
2. The economic appeal of the program in relation to a landowner's management decisions.
3. The degree to which other conservation agencies and organizations contribute to the protection of the identified acres.

Project Alternatives

The BWSR acknowledges that alternative resource management techniques should be employed in conjunction with Rim Reserve and PWP to protect environmentally sensitive lands. Comprehensive resource management techniques should include local adoption and enforcement of ordinances to reduce erosion and sedimentation, and to promote maintenance of flood plain hardwood forests. A model *Agricultural Erosion Control Ordinance* has been drafted to assist counties wishing to voluntarily adopt such a measure. A regulatory approach, such as ordinances, will be successful only if implemented in conjunction with educational efforts and incentive programs.

The agency also believes there is a role for limited-use conservation easements (see the Conservation Farming Grants request). Limited-use would only be allowed in a manner compatible with the program goals to protect water quality and enhance wildlife habitat. Funding limited-use easements without a concomitant increase in overall program funding would detract from the current emphasis on wildlife habitat and permanent protection of environmentally sensitive areas. Because the state is acquiring fewer land rights, easement payment rates can be reduced and consequently more acres can be protected. Limited use is most applicable to a managed grazing or haying system. Several tools exist to assist landowners with the management of their grazing lands. The Land Stewardship Project and the MN Department of Agriculture have been promoting managed and holistic grazing systems, and both are actively investigating the compatibility of conservation easements and grazing. Currently, 5 SWCDs participate in this pilot program.

Acquiring limited-use easements does require frequent monitoring and consistent enforcement of easement terms. To accelerate the program, SWCDs and counties must have enough properly trained technical staff to execute such alternative resource management strategies. Approximately 75% of the monitoring and enforcement costs would be paid by the state through the existing cost share grants.

Previous Project Funding

Since its inception in 1986, $56.8 million for RIM Reserve and PWP programs has been appropriated from the sale of bonds, and $1.82 million has been appropriated from the environmental trust and future resources funds.

The BWSR has solicited and received matching funds from federal partners for wetland restoration easements. In 1990, BWSR received $162 thousand from the North American Wetlands Conservation Act (NAWCA) to enhance restorations in the Minnesota River watershed, and in 1994 received an additional $850 thousand for restoration easements and enhancement in the Minnesota River watershed. In 1996 the agency received $753 thousand from NAWCA for restorations in the Minnesota River and Heron Lake watersheds. In 1997, we received $175 thousand for restorations in the Northern Tallgrass Prairie Ecoregion. To date, BWSR has received a total of approximately $1.9 million from the NAWCA. The BWSR continues to seek grants from NAWCA to fund conservation easements associated with the special projects 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, Trout Unlimited and the U.S. Fish and Wildlife Service will continue to leverage dollars towards the establishment of conservation practices on RIM easements. From 1992 to present, these organizations directly contributed approximately $400 thousand to the program, with additional donations in the form of grass seed and in-kind services. The BWSR continues to seek funding from these groups.

A funding history of the easement programs, along with the program dollars requested by landowners (landowner interest), is depicted in the following table:

Year	Amount ($000)	Source	Landowner Requests ($000)
1986	9,400	Bonding	25,500
1987	9,000	Bonding	5,500
1988	0	Bonding	5,000
1989	1,500	Bonding	6,300
1990	750	Bonding	4,200
	162	NAWCA	
1991	6,900	Bonding	7,800
	1,000	Trust Fund	
1991*	7,000	Bonding	
1992	1,250	Bonding	3,700
1993	500	Trust Fund	17,800
	323	Future Resources	
	500	Bonding	
	850	NAWCA	
1994	9,000	Bonding	20,000
1995	0	Bonding	8,000
1996	11,500	Bonding	8,900
	753	NAWCA	
1997	0	Bonding	**
	175	NAWCA	
Totals	60,563		112,700

* PWP Appropriation. Landowner requests included with 1992-96 figures.
** A fall/winter sign-up is scheduled for 1997.

With the funding we have received since 1986, the BWSR has secured approximately 2,329 conservation easements, encompassing 68,564 acres.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

A direct appropriation of $3.2 million is requested from the General Fund. The cost to administer and implement the conservation easement programs in F.Y. 1998-99 will be $4.005 million ($3.2 million + $805 thousand balance from the F.Y. 1998-99 general fund appropriation). This amount is necessary to support the realty, engineering and administrative functions associated with easement acquisition and establishment of conservation practices on easement lands. The SWCDs will receive approximately 75% of this total as general service grants to offset their costs to secure easements, develop conservation plans, and monitor compliance. The BWSR plans on hiring additional staff, (3 FTE's) to assist with conservation easement processing.

OTHER CONSIDERATIONS:

Funding levels requested in this budget proposal reflect additional demand that we anticipate being placed on our conservation easement programs as a result of the 1997 flooding in the Red River and MN River basins. Easement funds requested in sign-ups as a result of the 1993 flood exceeded the $17.8 million appropriation by approximately $7.0 million.

Governor Carlson has submitted a Conservation Reserve Program (CRP) enhancement proposal to the USDA to help finance a $250 million plan to permanently protect 190,000 acres of flood-prone private land in the MN River watershed. This proposal, if approved for full funding by the USDA, would enable the state to partner with the USDA to apply approximately $200 million in federal CRP funds to secure permanent RIM Reserve easements on these 190,000 acres over 7 years. The state will be obligated to provide $50 million for the 7 year program period. Funding amounts requested for easements in this budget request would fulfill the state's funding obligation for the next three bienniums. The BWSR currently is operating under a policy that obligates a minimum of 50% of available RIM and PWP easement funds to the MN River watershed area.

If the Conservation Reserve Program (CRP) Enhancement proposal is approved by USDA, an additional $2.0 million per year may be needed to implement the program. This program has the potential to bring in approximately $20 million in federal funds, each year, for RIM Reserve Easements to enhance CRP contract lands. This partnership will leverage four federal dollars for each state dollar committed.

RIM Reserve has been a popular program stemming from the 1984 Report of the Governor's Citizens Commission to promote Hunting and Fishing in Minnesota. Many individuals and organizations praised the report for its insightful recommendations, and led to the passage of the landmark legislation that created RIM. To not fund this program would eliminate a vital incentive tool utilized in promoting good land and water stewardship. In addition, growing partnerships with other public and private organizations would be greatly diminished.

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

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Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources		Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							07/1998	06/2003
Land, Land and Easements, Options		$60,963	$16,800	$64,700	$64,700	$207,163		
Buildings and Land		0	0	0	0	0		
	SUBTOTAL	60,963	16,800	64,700	64,700	207,163		
2. Predesign	**SUBTOTAL**	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		
	SUBTOTAL	0	0	0	0	0		
4. Project Management							07/1998	06/2003
State Staff Project Management		2,050	2,450	0	0	4,500		
Construction Management		0	0	0	0	0		
	SUBTOTAL	2,050	2,450	0	0	4,500		
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		
	SUBTOTAL	0	0	0	0	0		
6. Art	**SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning		0	0	0	0	0		
	SUBTOTAL	0	0	0	0	0		
8. Inflation								
Midpoint of Construction								
Inflation Multiplier			0.00%	0.00%	0.00%			
Inflation Cost	**SUBTOTAL**		0	0	0	0		
9. Other	**SUBTOTAL**	6,000	1,350	0	0	7,350	07/1998	06/2003
	GRAND TOTAL	$69,013	$20,600	$64,700	$64,700	$219,013		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	58,623	16,800	24,500	24,500	124,423
General Fund Projects	0	3,200	0	0	3,200
State Funds Subtotal	58,623	20,000	24,500	24,500	127,623
Agency Operating Budget Funds	8,050	0	0	0	8,050
Federal Funds	1,940	450	40,000	40,000	82,390
Local Government Funds	0	0	0	0	0
Private Funds	400	150	200	200	950
Other	0	0	0	0	0
TOTAL	**69,013**	**20,600**	**64,700**	**64,700**	**219,013**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	800	1,600	1,600	1,600
Other Program Related Expenses	0	2,400	6,000	6,000	6,000
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	3,200	7,600	7,600	7,600
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**3,200**	**7,600**	**7,600**	**7,600**
Change from Current FY 1998-99		3,200	7,600	7,600	7,600
Change in F.T.E. Personnel		0.0	0.0	0.0	0.0

PREVIOUS STATE CAPITAL APPROPRIATIONS FOR THIS PROJECT (Legal Citations) Laws of Minnesota (year), Chapter, Section, Subdivision	**Amount**
ML 1996, Chap. 463, Sec. 11, Subd. 3	11,500
ML 1994, Chap. 643, Sec. 26, Subd. 3	9,000
ML 1993, Chap. 373, Sec. 13, Subd. 1	500
ML 1993, Chap. 172, Sec. 14, Subd. 3(e)	500
ML 1993, Chap. 172, Sect. 14, Subd. 3(e)	323
ML 1992, Chap. 558, Sec. 19	1,250
ML 1991, Chap. 354, Art. 11, Sec. 1, Subd. 1(b)	7,000
ML 1991, Chap. 354, Art. 11, Sec. 1, Subd. 1(a)	5,000
ML 1991, Chap. 254, Art. 1, Sec. 17(a)	1,900
ML 1991, Chap. 254, Sect. 14, Subd. 6(d)	600
ML 1991, Chap. 254, Sec. 14, Subd. 9(h)	400
Other Citations (5 defined)	20,650

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	Amount	Percent of Total
General Fund	16,800	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

BWSR's portion of the Governor's Habitat Initiative requests $16.8 million in bond funds to purchase RIM easements and $3.2 million in general funds for administration, professional, and technical services. BWSR estimates the majority (75%) of the general fund dollars will pass through to local SWCD's. BWSR will hire 3 FTE's to assist with the expanded workload this level of spending will generate.

The funding requested for these positions will be consumed over a two year period. If BWSR is unable to liquidate or encumber all the bond funds appropriated over this timeperiod, it may be required to seek additional funding for the positions in the next bonding bill.

BWSR estimates on-going state spending to be $32.1 million per biennium ($24.5 million bonding, $7.6 million general fund). These amounts assume the USDA funds the enhanced Conservation Reserve Program discussed in the 'Other Considerations' section at the $250 million level.

This project has been funded from bond proceeds at an average level of $5.5 million per year since 1990. This amount is substantially less than that necessary to match the level of landowner requests. The RIM Easement program currently receives $805 thousand in BWSR's general fund base for program administration. The $3.2 million general fund appropriation requested here is in addition to this base level funding.

Governor's Recommendation:

The Governor recommends general obligation bonding of $16.8 million and a general fund appropriation of $3.2 million for this project, contingent upon federal funds of $450 thousand and private funds of $150 thousand. Also included are budget planning estimates of $24.5 million in 2000 and $24.5 million in 2002. The planning estimates are contingent upon federal funding of the Conservation Reserve Enhancement 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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PROJECT LOCATION: Statewide

AGENCY PROJECT PRIORITY: 2 of 4

1998 STATE APPROPRIATION REQUEST: $5,830

PROJECT DESCRIPTION:
This request is for $5 million in bonding for the Local Government Public Road Replacement Program and targeted Permanent Wetlands Preserve (PWP) and $830 thousand in general funds for program administrative costs.

The Local Government Public Road Replacement Program was established in 1996 (M.S. 103G.222, Subd. 1, item (m)) as part of comprehensive amendments to the Wetland Conservation Act (WCA). This legislation requires the Board of Water and Soil Resources (BWSR) to replace wetlands drained or filled by local government public transportation authorities upgrading existing roads. A WCA replacement plan is not required for the repair, rehabilitation, reconstruction, or replacement of currently serviceable existing state, city, county, or town public roads -- provided that annual reports are submitted to the BWSR by January 15th of each year. The report must describe the wetland impact (amount, location, wetland type, etc.) for both the previous and the upcoming year.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

Project Rational
The local government road replacement program was developed and supported by a broad group of interested organizations (local government road authorities, environmental groups and state agencies) because it transferred the responsibility of making replacement wetlands to an organization with the requisite expertise. This consolidated the administrative, financial, and technical work, and resulted in a more effective and efficient program.

Without continued funding, the commitments made by this legislation to county, city, and township road authorities, and to environmental interests, would be voided. The result would be the loss of a simplified "win-win" regulatory outcome and the return of controversy and confusion.

This program meets the goals and objectives of BWSR's strategic plan. It protects the state's water and soil resources by restoring or creating wetlands that have been lost due to unavoidable road construction.

Anticipated Outcomes
Estimates from the January 1997 reports indicate that an annual total of about 430 acres of wetland (100 acres of which are in the 7-county metro area) will need replacement. Projecting this ratio to the 1998-1999 biennium results in an estimate of the total number of acres to be replaced in the range of 900 to 1,000 acres. The amount of wetlands impacted per year will depend on the local funding for road construction, and will vary by location as wetlands are not equally distributed across the state. The cost of establishing the wetlands varies tremendously (mostly because of land values). The costs can range from a low of $2 thousand per acre in rural Minnesota to well over $100 thousand/acre for selected metro area sites.

Selection Criteria
In general, projects will be selected using 2 main criteria:

Local Support:
High - those projects with a high level of local support. Site or area is identified in local or WMO plan, or is receiving funding from local partners, private and public.

Partnerships:
High - public and private entities involved with project (i.e. cost-shared projects)
Medium or low - private-only submittals - ranking will depend upon entities involved and resulting ownership (see below)

Ownership:
Highest - Public ownership/acquisition.
Medium - Easement acquisition
Low - Deed restriction on private property (must provide for adequate access for maintenance purposes)

Project Cost:
High - most New Wetland Credit (NWC) compared to project cost
Medium - combination of NWC and Public Value Credit (PVC) resulting
Low - PVC only resulting

Maintenance/Sustainability:
Highest priority - minimal long-term maintenance needs (i.e. simpler is better) acknowledging that urban renewal projects are by nature more complex. Projects that have minimal long term maintenance needs will be higher priority. Simple ditch plugs and/or tile riser type restorations may fare better than more complex structures. Sites on public land and/or easy access to site would receive higher priority.

Geographic Area:
Overall geographic distribution in critical areas will be a consideration, specific items to consider: flood prone areas; e.g., along rivers; in regional/watershed priority areas where wetlands restored or created could provide functional benefits to rivers, lakes or other high priority water bodies.

Dollars in Thousands ($137,500 = $138 thousand)

Complexes of Wetland Types:
Highest priority will be placed on those projects which will restore (first priority) or create (second priority) a variety of wetland types, especially types that have sustained significant losses in the region. Those opportunities which provide a varied complex of wetland types will be higher priority.

Areas to consider should include, but not be limited to, sites which applied for but were denied funding through the Reinvest In Minnesota (RIM) or U.S. Fish and Wildlife Service (USFWS) conservation programs and other public or private programs, as well as sites identified as high priority for restoration or creation of wetlands in local comprehensive water/wetland management plans or other resource management plans.

The BWSR will insure that all costs will be covered for projects selected for this program. BWSR, with the assistance of cooperating agencies, will review applications and perform on-site review to select sites. BWSR will contract with the selected project sponsors to undertake work necessary to complete the projects. The following costs are eligible for reimbursement under this program:

- reconnaissance or site exploration
- land purchase or easement payments and expenses
- project design
- legal work
- construction and vegetation establishment
- projected maintenance costs for the life of the project
- indirect (overhead) costs.

The following average cost /acre dollar amounts are estimates used to project funds required to meet acreage needs.
Average Cost/Acre:

7 county Metro	$25,000*125 acres = $3,125,000
Greater MN	$ 3,000*325 acres = $1,875,000
TOTAL	$5,000,000

Previous Project Funding
The legislature, as part of the 1996 changes, provided the BWSR with $3 million for establishment of replacement sites, at least half of which must be used in the seven-county metropolitan area with priority given to projects that complement urban renewal and redevelopment, according to M.S. 1036.222, Subd. 2. The $3 million was made available to local and state government project sponsors as partners of the BWSR in establishing priority replacement wetlands. The BWSR will make payments to the selected project sponsors to establish the wetland sites and will retain the wetland credits resulting from the replacement wetlands.

IMPACT ON AGENCY OPERATING BUDGETS:
A direct appropriation of $830 thousand from the general fund would be required by the BWSR to administer this program. This will cover the costs of assimilating the annual reports from township, city and county road authorities, record keeping, site exploration, negotiating purchases, designing and managing projects, developing partnerships and local support and acquiring easements/title to sites and then managing the contracts and payment schedules. The following chart explains that direct appropriation cost in detail:

Database Development (one time cost)	$100,000
Engineer/Hydrologist	$62,500 (salary + fringe)
Engineer Technician	$47,000 (salary + fringe)
Wetland Restoration Biologist	$48,500 (salary + fringe)
Clerk Typist 3	$38,000 (salary + fringe)
Realty Specialist, Senior	$52,000 (salary + fringe)
Legal/Contract Assistance (0.5 FTE Attorney)	$40,000 (salary + fringe)
Office space, communications, supplies, Travel, Equipment, etc.	$77,000
ANNUAL SUBTOTAL:	$365,000
BIENNIAL BUDGET REQUEST:	$830,000

OTHER CONSIDERATIONS:
Without continued funding, the commitments made to county, city and township road authorities and environmental interests to achieve a "win-win" regulatory simplification outcome for all will be voided and result in controversy and confusion.

PROJECT CONTACT PERSON:
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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition						07/1998	06/2003
Land, Land and Easements, Options	$0	$5,000	$7,400	$7,400	$19,800		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	5,000	7,400	7,400	19,800		
2. Predesign **SUBTOTAL**	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management						07/1998	06/2003
State Staff Project Management	0	830	730	730	2,290		
Construction Management	0	0	0	0	0		
SUBTOTAL	0	830	730	730	2,290		
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		
SUBTOTAL	0	0	0	0	0		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$0	$5,830	$8,130	$8,130	$22,090		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	5,000	7,400	7,400	19,800
General Fund Projects	0	830	730	730	2,290
State Funds Subtotal	0	5,830	8,130	8,130	22,090
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**	**5,830**	**8,130**	**8,130**	**22,090**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

As stated in the narrative, M.S. 103G.222 subd. 1(m) requires BWSR to carry out this program. BWSR was appropriated $3.0 million in the 1996 bonding bill for land acquisition, but nothing for program staffing or administration.

This request includes $730 thousand general fund dollars to fund 5.5 permanent FTE's for a two year period, and $100 thousand for one-time database development costs necessary to implement this program.

Governor's Recommendation:

The Governor recommends general obligation bonding of $5 million and a general fund appropriation of $830 thousand for this project. Also included are budget planning estimates of $8.13 million in 2000 and $8.13 million in 2002.

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	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**	**185**

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Dollars in Thousands ($137,500 = $138 thousand)

PROJECT LOCATION: Subbasins of the Minnesota River

AGENCY PROJECT PRIORITY: 3 of 4

1998 STATE APPROPRIATION REQUEST: $1,000

PROJECT DESCRIPTION:

In 1978 the legislature created a grant-in-aid program (M.S. 103F.171-187) to share the costs with local government of building floodwater retention structures in 5 major subbasins of the Minnesota River. The project area is characterized by broad upland and lowland plains connected by a steep transition known as the Coteau des Prairie, fertile soils, frequent flooding (including many interbasin floodwater overflows) and substantial erosion. These 5 subbasins were referred to as Study Area II in the Minnesota River Basin Study conducted by the U.S. Soil Conservation Service during the 1970s. A 10 county joint powers board was established in 1978 to coordinate local implementation and cost sharing for the program.

The projects for which funds are requested include: flood control reservoirs, "road retention structures" involving temporary floodwater storage upstream from public roads, typically constructed by downsizing old bridges and culverts; and other potential floodwater and sediment retarding measures, such as buffer strips and wetland restorations.

The projects covered by this program are components of a general plan for flood control and floodplain management. The Minnesota River Basin Study identified over 100 potential floodwater retention sites within the project area. A subsequent joint study conducted by the SCS and U.S. Army Corps of Engineers during the 1980s documented recurring severe flood damage and soil loss within the 5 major Area II watersheds. The direct flood damages were estimated to be $8 million annually. An average of 346 thousand tons of soil per year was estimated to erode from these watersheds in to the Minnesota River. This soil loss was estimated to result in up to $20 million in annual productivity losses, with significant impacts on water quality.

The joint SCS/COE study provided technical, environmental and economic analyses of the potential floodwater retention sites identified and set the basis for prioritizing projects. That study also recognized local project implementation as being the most cost effective. Road retention structure sites within Area II were identified in cooperation with county and state highway departments and have been prioritized based on the estimated costs and benefits of the sites. Total cost of projects identified:

Road retention projects	$1.2 million
Lazarus Creek reservoir	$1.2 million
Peterson reservoir	$ .4 million

Funds requested will be used for Lazarus Creek (if permitted) or for road retention projects. These state funds would be matched by a range of 25% to 50% of local funds.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The severe flooding in the Minnesota River basin in 1993 highlighted the need to reduce flood damage to roads and bridges, public and private structures, farm fields, river banks and urban centers within the project area. An interagency hazard mitigation team led by the Federal Emergency Management Agency (FEMA) prepared a report for Minnesota, including the Area II, that identified floodwater retention at roads, flood control reservoirs and wetland restorations as appropriate measures to reduce flood damage in the future. The reservoirs and road retention structures included in this cost share program retard floodwaters in the upstream areas of watersheds, which reduces downstream flood peaks and sediment transport. Lower flood peaks result in reduced direct flood damages to roads, bridges, structures and fields, as well as reduced downstream sedimentation. The sediment and associated nutrient trapping efficiency of these floodwater retarding projects is 50 - 90%, providing significant water quality improvement benefits.

BWSR's strategic plan states: "Runoff should be managed to minimize property loss and environmental damage by moderating high flows and maintaining low flows of streams." Both state and federal floodplain management and flood control programs rely upon local partners and local implementation. To date the Area II partnerships between local, state and federal governments have resulted in the construction of 8 flood control reservoirs and 45 road retention projects. These partnerships have capitalized on the efficiencies of local implementation through focused efforts, mutual commitments and streamlined procedures. Numerous additional road retention projects, reservoirs and associated watershed management measures are planned within Area II.

BWSR's basic strategy, as capsulized in its mission statement and outlined in its strategic plan, is to empower local governments and private citizens to be effective resource managers. The statewide local water planning efforts have been very successful in this regard, and have become an important basis for the strategic plan for the Area II joint powers group. On a watershed basis, successful local water management requires joint efforts among local units of government. The Area II joint powers board and state grant-in-aid program have provided opportunities to achieve this kind of local government cooperation for flood control and floodplain management. The Area II grant-in-aid program has also provided opportunities for partnerships associated with erosion and sedimentation control, river and reservoir water quality monitoring, streamflow data collection and related technical assistance.

The strategic plan for Area II includes increased ties to comprehensive local water plans, as well as expanded partnerships under the state's Minnesota River improve initiative. The board of directors for the Area II joint powers group has expressed to the Governor and area legislators its commitment to an expanded role under the Minnesota River improvement initiative.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

None.

OTHER CONSIDERATIONS:

The requested funding would involve a maximum state cost-share of 75%, if federal funding is not available, and maximum 50% of the local sponsor cost-share, if federal funding is available, in accordance with the program statutes. In all instances, local government and BWSR have leveraged the optimum availability of federal funds. If no action is taken to fund this project, the rate of implementation (by local governments alone) will be greatly curtailed, or halted, and the opportunity for a continued local/state partnership focus on flood control and related water quality protection in a large portion of the Minnesota River basin will be foregone.

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

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Board of Water and Soil Resources
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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition						07/1998	06/2003
Land, Land and Easements, Options	$0	$19	$320	$160	$499		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	19	320	160	499		
2. Predesign SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
4. Project Management							
State Staff Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	1,383	1,314	747	373	3,817	07/1998	06/2003
GRAND TOTAL	$1,383	$1,333	$1,067	$533	$4,316		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	1,300	1,000	800	400	3,500
State Funds Subtotal	1,300	1,000	800	400	3,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	83	333	267	133	816
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	**1,383**	**1,333**	**1,067**	**533**	**4,316**

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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) Laws of Minnesota (year), Chapter, Section, Subdivision	Amount
L1996, Chap. 463	250
L1994, Chap. 643	800
L1993, Chap. 172	250

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed projects)	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
Yes	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

This program was given $250 thousand in the FY 96 bonding bill, and $378 thousand from the general fund during the 1997 legislative session.

Governor's Recommendation:

The Governor recommends general obligation bonding of $1 million for this project, contingent upon local government funds of $333 thousand. Also included are budget planning estimates of $800 thousand in 2000 and $400 thousand in 2002.

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	25
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**

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PROJECT LOCATION: Metropolitan Area

AGENCY PROJECT PRIORITY: 4 of 4

1998 STATE APPROPRIATION REQUEST: $900

PROJECT DESCRIPTION:

The project proposal is for a grant program to promote the development of greenway corridors in the urban core and developing first ring cities that link lake, stream and wetland habitats on a watershed basis. The funding would be used to purchase necessary land or conservation easements, reconstruct stream and wetland habitats, and reestablish native forest cover types. The grant program would provide economic incentives to metro cities to restore and integrate natural aquatic habitats that have been lost because of urban redevelopment projects. The program funding would be made available on a competitive basis in order to promote integrated resource management as a focal point in the many urban development opportunities that are currently in the planning stages.

PROJECT RATIONALE AND RELATIONSHIP AND LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The Board of Water and Soil Resources 1997 strategic plan has recognized that there needs to be an investment by the state in the redevelopment of blighted urban core and first ring suburbs as one of the strategies needed to slow down the rate of urban sprawl. The BWSR believes that urban redevelopment projects that include the restoration of natural water resource features such as streams and wetlands will stimulate private investment in urban redevelopment projects. There are numerous opportunities available to accomplish this and at the same time reduce non-point pollution to the Mississippi, St. Croix and Minnesota Rivers, provide attractive passive open space uses and promote development of "greenway corridors." Other major cities that have successfully utilized the greenway corridor concept in urban redevelopment include San Francisco, California and Chattanooga, Tennessee.

The following is a list of potential projects that could benefit from this proposal.

1. Swede Hollow Revitalization
   Location: ravine area just east of the DNR / PCA building
   Project goals: restore stream currently in pipe-link to walking trails; passive open space, greenway link to Miss. R.; storm water pond
   Sponsor: City of St. Paul, very active citizen group

2. Phalen Lake Area Projects
   Location: Phalen Shopping Center and outlet corridor to Miss. R.
   Project goals: restore wetland under parking lot; restore natural stream now in pipe; open space, nature study area; improve water quality
   Sponsor: City of St. Paul, Ramsey Washington Metro WD

3. City of Lauderdale Ravine
   Location: U of M Golf Course
   Project Goals: wetland restoration; storm water quality improvement
   Sponsors: Lauderdale, St. Anthony, Middle Mississippi River WMO, Ramsey Co.

4. Mississippi Corridor Reforestation
   Location: along Mississippi River in Mpls.
   Project goals: restore forest corridor; buffer strip; passive open space
   Sponsors: MN Landscape Arboretum, MN State Horticultural Society, Mpls.

5. Construct Wetland for Storm Water Treatment
   Location: South East Mpls. Industrial Area
   Project Goals: create wetland in an industrial area; treat storm water
   Sponsor: Middle Mississippi River WMO

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

None.

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

Bruce Sandstrom, BWSR Metro Region Supervisor
One West Water St., Suite 200
St. Paul, MN 55107
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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	**Project Costs** All Prior Years	**Project Costs** FY 1998-99	**Project Costs** FY 2000-01	**Project Costs** FY 2002-03	**Project Costs** All Years	**Project Start** (Month/Year)	**Project Finish** (Month/Year)
1. Property Acquisition						07/1998	06/2003
Land, Land and Easements, Options	$0	$500	$1,000	$500	$2,000		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	500	1,000	500	2,000		
2. Predesign SUBTOTAL	0	0	0	0	0		
3. Design Fees							
Schematic	0	25	50	50	125	07/1998	06/2003
Design Development	0	0	0	0	0		
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	25	50	50	125		
4. Project Management						07/1998	06/2003
State Staff Project Management	0	5	10	10	25		
Construction Management	0	20	40	40	100		
SUBTOTAL	0	25	50	50	125		
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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	350	730	730	1,810	07/1998	06/2003
GRAND TOTAL	$0	$900	$1,830	$1,330	$4,060		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	900	1,830	1,330	4,060
State Funds Subtotal	0	900	1,830	1,330	4,060
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**	**900**	**1,830**	**1,330**	**4,060**

IMPACT ON STATE OPERATING COSTS	Current	Projected Costs (Without Inflation)			
	FY 1998-99	FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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)	Amount	Percent of Total
General Fund	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 (Legislature)
Yes	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Finance Analysis:

The local projects identified in this project should be addressed through BWSR's existing programs.

Governor's Recommendation:

The Governor does not recommend capital funds 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	0
Safety/Code Concerns	0/35/70/105	0
Customer Service/Statewide Significance	0/35/70/105	35
Agency Priority	0/25/50/75/100	25
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	0
TOTAL	**700 Maximum**	**80**

Dollars in Thousands ($137,500 = $138 thousand)

Project Title	1998 Agency Priority Ranking	Agency Project Requests for State Funds ($ by Session)				Statewide Strategic Score	Governor's Recommendation 1998	Governor's Planning Estimate	
		1998	2000	2002	Total			2000	2002
Roadways and Pathways	1	$3,200	$10,860	$0	$14,060	405	$3,200	$10,860	$0
Education Building	2	200	0	0	200	225	0	0	0
Hospital		0	75	0	75		0	0	0
Greenhouse		0	275	0	275		0	0	0
Bird Holding		0	860	0	860		0	0	0
Water Management		0	700	0	700		0	0	0
Total Project Requests		$3,400	$12,770	$0	$16,170		$3,200	$10,860	$0

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AGENCY MISSION STATEMENT:

The Minnesota Zoological Garden (MZG) is a unique statewide resource with the mission to strengthen the bond between people and the living earth. The MZG is an interdisciplinary living museum, combining the traditional scientific collection of biological species with innovative entrepreneurial and education opportunities. As an education resource, the MZG is dedicated to making educational programming available to young people and adults, both on the MZG site and beyond our doors.

The MZG is involved with national and international programs to breed and preserve endangered species. Of the 2,700 animals in the Zoo, 89 animals represent 15 species considered to be threatened or endangered. The MZG is an active promoter of and participant in conservation activities around the world and participates in 16 Species Survival Plans (SSPs).

The MZG is a unique state asset and a sound investment of state funds. The MZG is one of Minnesota's most popular attractions. With 25,625 memberships representing over 100,000 individuals, the MZG has one of the largest membership bases of any attraction in the state.

The MZG strives to accomplish its mission by:

- Providing an exciting, affordable family experience to bring guests to a heightened awareness of their roles in conservation efforts.
- Operating a high quality entertainment and educational facility to serve the people of Minnesota and out-of-state visitors.
- Serving as the state's largest conservation and environmental learning center to provide a significant enhancement to the quality of life in Minnesota.
- Providing a multi-disciplinary research and education environment to promote a better understanding of MZG's endangered and exotic animal collection.

The MZG operates in four major programmatic areas:

- Biological Programs
- Operations Programs
- Enterprise Programs
- Education Programs

The MZG will achieve objectives related to its mission by:

- Maintaining the animal health, animal husbandry, animal records and research necessary for a healthy animal collection.
- Providing people of all ages with a variety of zoo learning adventures which help foster an understanding and appreciation of wildlife and the environment.
- Providing leadership in conserving the biological diversity of our planet and to protect the wild species living under our stewardship.
- Guaranteeing the guest experience meets or exceeds expectations.

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

The following factors are shaping the development of policies and programs at the MZG:

Attendance for F.Y.1994 (1,294,183); F.Y.1995 (1,066,367); F.Y.1996 (1,140,745); and F.Y.1997 (1,115,290). Projected attendance for F.Y.1998 (1,150,000), F.Y. 1999 (1,374,980), F.Y.2000 (1,412,600), F.Y.2001 (1,438,026), F.Y.2002 (1,463,911), F.Y.2003 (1,490,261).

Not only are we expecting an increase in our general attendance, but the demand for special events and private rentals is growing. The increased vehicular and pedestrian traffic has burdened our roadways and pathways, widening roadways and pathways to accommodate increased traffic and outside lighting for evening events to meet building code requirements are needed.

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

Construction of the MZG facility began 20 years ago and the zoo has been open to the public for 19 years. As attendance figures show, an average of over one million guests annually make use of the exhibition and surrounding park area. The facility is aging and requires preventative maintenance as well as corrective preservation.

The MZG will continue to address the need of maintaining the infrastructure through the use of General Fund appropriations and CAPRA requests whenever possible. In addition, our capital budget request for the current biennium will address specific needs which the zoo faces.

The condition of our roadways and pathways is deteriorating due to the age of the infrastructure, increased usage and severe winter of 1997. There is a need for repair/replacement and upgrading to meet current standards. In addition, there is a need to reconfigure our parking facilities to create more parking spaces in order to accommodate public demand.

The Minnesota Zoo is recognized as a leader in education and in order to meet the increasing demand for education programming we are requesting funding for design money for a new educational facility to better serve young people and adults on site from the metro area and greater Minnesota.

Currently the zoo uses all available space for education programming. The SES High School, which is only available to us in the summer, is approximately 1/4 mile from the nearest entrance to the zoo, totally inadequate for preschool through 3rd grade groups; impractical for all groups during inclement weather. The remodeled space in the old Discovery Barn (Childrens Zoo) is inadequate for effectively meeting our students' needs.

Since the inception of the zoo, water management has been a concern. Twelve DNR protected lakes and wetlands and other non-regulated ponds and wetlands exist on the 500 plus acres of the zoo property. Over the years there has been continual water quality and quantity problems. The water management request will allow the zoo to economically and effectively manage the water issues of the site.

A need has developed in the management of our exotic and endangered animals for a passerine (songbird) and waterfowl breeding and seasonal holding facility. The MZG has a nationally renowned passerine breeding program which is also a source of revenue for the zoo. This facility would enable the MZG to continue its breeding program and in addition would allow us to house waterfowl (Trumpeter Swans in particular) during winter months.

The original greenhouse constructed over 18 years ago no longer meets the needs of our Horticulture Program. A new facility that will enable staff to meet the demands of maintaining a tropical environment in our Tropics Building, the virgin hardwood forests contained within our 500 plus acres and a pleasant recreational setting is much needed.

The original hospital constructed over 18 years ago no longer meets the needs of our Animal Health staff to maintain the animal health, animal husbandry, animal records and research necessary for a healthy animal collection.

DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The mission of the MZG is to *Strengthen the Bond Between People and the Living Earth.* Strategies have been developed by staff and endorsed by the Minnesota Zoological Board which strive to assist in supporting that mission. These strategies are:

- Create a magical experience
- Thrive as a special place for children
- Know our customers
- Manage visitor moments of truth
- Link revenue to results
- Build a premier service organization
- Invest to keep the existing zoo great

The capital budget plan for the MZG is directly related to our strategies and goals.

The plan must balance the needs of an aging facility that has not had adequate funding for preventive maintenance and is being stretched to the limits by ever growing public demand.

Improvements to the infrastructure are critical to the continued development of a comfortable and safe environment for visitors and staff. The roadways, pathways and parking facilities are over 20 years old and with increased public demand it is time to make major improvements and build for the future.

The water management plan is not only necessary to protect the investment the state has made in the infrastructure but also improves the overall appearance of the zoo and promotes our commitment to conservation of the natural environment.

The Passerine (songbird) and Waterfowl Breeding and Seasonal Holding Facility will greatly improve our animal management program, provide stock for avian exhibits and ultimately result in additional revenues due to the propagation program. It will also contribute to our water management program by allowing the Main Lake to freeze over, which has been aerated in the past to accommodate the waterfowl collection.

AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

The MZG routinely receives guest comments regarding the state of the current facility as well as desires for future exhibits. Formal visitor surveys are conducted quarterly. This information weighs heavily in the process for determining priorities for capital improvements.

The management staff of the MZG in consultation with board members determine priorities based on guest input, cost benefit analysis, affordability and how individual projects support the mission of the zoo. Whenever feasible, consultants or engineers are engaged to assist in feasibility, planning and pre-design.

AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1992-1997):

- The new Bird Amphitheater opened in 1992 at a cost of $2.6 million and funded by $350 thousand from the General Fund, $1.8 million from private gifts and $450 thousand from the MZG special revenue fund.

- $1.82 million was received in 1992 for roof replacement. That work was completed in F.Y.1994. The MZG is paying 1/3 of the debt service and state General Fund the remaining 2/3.

- $20.5 million in bonding was approved for the United HealthCare Marine Education Center during the F.Y.1994 legislative session. This facility houses the bottlenose dolphins, a large shark exhibit, tide pool, estuary, clubhouse exhibit and public space available for after hour rentals. The facility opened in June, 1997. The MZG is repaying 60% of the debt service and state General Fund the remaining 40%.

- $1 million was received in 1994 for infrastructure and maintenance. $392 thousand has been spent on improving animal management areas and $608 thousand to addressing water management issues.

- The MZG received CAPRA funds which total $531 thousand through F.Y.1997. These funds were used for code compliance and health/safety issues.

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PROJECT LOCATION: Apple Valley, MN

AGENCY PROJECT PRIORITY: 1 of 2

1998 STATE APPROPRIATION REQUEST: $3,200

PROJECT DESCRIPTION:

In 1974 construction began on the Minnesota Zoo located on 500 acres of property in the suburb of Apple Valley. The zoo is essentially a small city with inherent operating, maintenance and capital investment needs that need to be met to continue the successful venture initiated in the mid-70s. Without an infusion of dollars to improve the infrastructure, serious deficiencies in the life safety and program expansion aspects of the zoo will occur. The project that is being proposed within this budget request will focus on the roadways, parking lots, pathways and public plaza areas that will handle over five million people over the next 5-year period.

The Minnesota Zoo currently has approximately 1,645,000 square feet of asphalt surfacing located in a variety of areas (38 acres of land). Documentation and maps are available of the zoo property which describes the pavement area locations. The following table describes the categories and quantities of the focused infrastructure.

Roadways	375,000 square feet	Average 20-foot width
Parking Lots	1,100,000 square feet	2,700 parking stalls
Pathways	70,000 square feet	Average 10-foot width
Public plaza areas	100,000 square feet	

The Minnesota Zoo proposes new construction of approximately 100,000 square feet in the final phase of the project for new pathways, roadways and parking lots.

Because of limited funds for preventative maintenance and the intense use of these pavement areas for the past two decades, severe winter (1997) deterioration, all of the asphalt needs corrective action taken in some form or another.

When the zoo was build most of the roadways and pathways were constructed for *light* duty only. The roadway width and cross section are not able to handle the additional traffic volume and loads due to the continued growth and operational needs we have experienced over the years. We anticipate this situation worsening as public demand on the infrastructure continues to grow.

As a part of this project, concrete curbing needs to be installed in all areas visible to the public and where we are experiencing erosion to the roadway sub-base. This curbing is necessary and instrumental in protecting the asphalt edge from unnecessary deterioration, extending the lifespan of roadways for many years and channeling storm water runoff. With the exception of new construction, concrete curbing has not been used on the zoo property in the past. Studies that have been completed by several cities throughout Minnesota indicate that concrete curbing will extend the pavement life well beyond the investment cost of the curb improvement. Additionally, maintenance costs are significantly reduced and esthetics are improved.

A key aspect of this proposal is to address the increasing demand for adequate public parking on the zoo site. With the planned increase in attendance due to expansion of our exhibits, the need to provide parking will become acute. The Minnesota Zoo has statistics on file documenting the existing and required number of parking stalls based upon attendance at the zoo, current and projected through the year 2016. Documentation shows the attendance by month, week and peak day so that the observer can view the vehicles entering the zoo and correlate these numbers with the required parking stalls needed to service these visitors.

Graphic documentation is available that displays attendance at the zoo based upon the above information. It also demonstrates the projected program expansion data in the next couple of years including parking capacity that will be needed to handle the attendance increases expected from the United HealthCare Marine Education Center and Imation IMAX Theater in 1997 and the Childrens Farm scheduled to open in 1999.

An additional aspect of this project relates directly to life safety. In addition to asphalt and curbing, lighting is needed in the main entries, public walkways and plaza areas where the public will congregate. The zoo was originally built without any outdoor lighting. Only recently have we been able to add lights to a few key areas to meet our minimum needs. In order to meet the required Uniform Building Code (UBC) standards, lighting in all parking lots, entries, outdoor walkways and plaza areas is necessary. A key provision of the lighting proposal is to increase the safety and security of the visitors, staff and the overall premises. With the increase in the amount of night time activities and the huge investment in zoo facilities, lighting of the property for life safety is becoming a critical need.

The $3.2 million requested in this biennium will provide for the design and construction necessary for improvements to roadways, parking lots, pathways, public areas and lighting discussed within this narrative. Listed below is an estimated cost breakdown for this part of the project (in $000):

Design	$ 192
Construction Management	60
Roads, Pathways and Lots	1,932
Concrete Curbing	175
Outdoor Lighting	350

Dollars in Thousands ($137,500 = $138 thousand)

Construction Contingency	205
Inflation Multiplier	286
Total	$3,200

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The increasing attendance at the Minnesota Zoo is a trend that we have every reason to believe will continue for the next decade. We have plans for increasing educational opportunities, entrepreneurial efforts and new exhibits.

In addition, our sales department is projecting an ever increasing demand for after hours events. All of these efforts will result in an increase in the number of visitors to the zoo. This number of visitors will increase both vehicular and pedestrian traffic in our facility. This issue of improvements and addition's to the roadways, parking lots, pathways, public areas and lighting is an integral part of our infrastructure and must be addressed immediately to keep pace with this increased demand.

The benefits of this project are many. We will be able to preserve and upgrade our infrastructure, meet increased public demand on the facility, comply with current building code standards and provide a safe and secure environment for visitors and staff alike.

IMPACT ON AGENCY OPERATING BUDGETS:

This project has not previously been funded. All repairs have been funded through the zoo's repair and betterment account. In 1995 and 1996, funds to improve the pavements in the zoo totaled less that $100 thousand. If these improvements are completed in 1998 and 1999 the maintenance and operating expenses will be able to continue near this level of expenditures. Without this appropriation, it is expected that significant increase in the maintenance funding of "stopgap" improvements will become necessary. Because of all the other zoo demands over the past several years, the infrastructure improvements have been given a lower budget priority. Life safety, program expansion and maintenance conditions have raised these items into a position with a high degree of priority.

This project has been deferred in the past due to lack of funding. Alternative funding for infrastructure repair and upgrading is not available. If we are unable to correct this situation, our roadways, parking lots and walkways will become inordinately expensive to maintain in the short term. In the long term, it will cost more each year the project is delayed because of continued deterioration. A predesign document, paid for from operations funds, has been produced. Savings on annual maintenance could be used for other projects.

OTHER CONSIDERATIONS:

Pictures showing conditions of pavement and construction tables and attendance graphs, etc. are available for review.

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

Connie Braziel, Operations Director
Phone: 612/431-9303
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E-Mail: Connie.Braziel@state.mn.us

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign **SUBTOTAL**	27	0	0	0	27		
3. Design Fees							
Schematic	0	0	0	0	0		
Design Development	0	192	649	0	841	07/1998	10/1998
Contract Documents	0	0	0	0	0		
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	192	649	0	841		
4. Project Management						07/1998	06/2001
State Staff Project Management	0	0	0	0	0		
Construction Management	0	60	210	0	270		
SUBTOTAL	0	60	210	0	270		
5. Construction Costs						10/1998	06/2001
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	2,457	7,544	0	10,001		
Hazardous Material Abatement	0	0	0	0	0		
Construction Contingency	0	205	662	0	867		
SUBTOTAL	0	2,662	8,206	0	10,868		
6. Art **SUBTOTAL**	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction		06/1999	06/2001				
Inflation Multiplier		9.80%	19.80%	0.00%			
Inflation Cost **SUBTOTAL**		286	1,795	0	2,081		
9. Other **SUBTOTAL**	0	0	0	0	0		
GRAND TOTAL	$27	$3,200	$10,860	$0	$14,087		

Dollars in Thousands ($137,500 = $138 thousand)

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	3,200	10,860	0	14,060
State Funds Subtotal	0	3,200	10,860	0	14,060
Agency Operating Budget Funds	27	0	0	0	27
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	**27**	**3,200**	**10,860**	**0**	**14,087**

IMPACT ON STATE OPERATING COSTS	Current	Projected Costs (Without Inflation)			
	FY 1998-99	FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	0	0
Other Program Related Expenses	0	0	0	0	0
Building Operating Expenses	0	0	0	0	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	0	0
Revenue Offsets	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**
Change from Current FY 1998-99		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)	Amount	Percent of Total
General Fund	3,200	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.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

Predesign of a formal nature is not required of projects of this nature. An internal form of predesign was performed as a means to adequately determine the extent of costs for roadway and pathway systems.

Department of Finance Analysis:

In January 1996, an engineering consulting firm completed a field evaluation and engineering analysis of all the parking lots, perimeter and service roads, and pedestrian pathways at the Zoo in order to determine the needs and costs of the infrastructure improvements. This project addresses the deficiencies identified in the report and schedules the funding for the projects over 2 biennia. This request includes reconstruction and reconfiguration of parking lots, reconstruction of perimeter and service roadways, bridge replacement, expansion, widening and resurfacing of pathways, and improved outdoor lighting for safety.

This project received a comparatively high score because it met several of the scoring criteria including safety concerns, customer service, and asset preservation. It is also the agency's number one capital budget priority.

Governor's Recommendation:

The Governor recommends general obligation bonding of $3.2 million for this project. Also included are budget planning estimates of $10.86 million in 2000.

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	40
State Operating Savings or Operating Efficiencies	0/20/40/60	20
Contained in State Six-Year Planning Estimates	0/25/50	25
TOTAL	**700 Maximum**	**405**

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AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

TOTAL PROJECT COSTS All Years and All Funding Sources	Project Costs All Prior Years	Project Costs FY 1998-99	Project Costs FY 2000-01	Project Costs FY 2002-03	Project Costs All Years	Project Start (Month/Year)	Project Finish (Month/Year)
1. Property Acquisition							
Land, Land and Easements, Options	$0	$0	$0	$0	$0		
Buildings and Land	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
2. Predesign SUBTOTAL	12	0	0	0	12		
3. Design Fees							
Schematic	0	25	0	0	25	07/1998	08/1998
Design Development	0	55	0	0	55	07/1998	10/1998
Contract Documents	0	120	0	0	120	10/1998	11/1998
Construction Administration	0	0	0	0	0		
SUBTOTAL	0	200	0	0	200		
4. Project Management							
State Staff-Project Management	0	0	0	0	0		
Construction Management	0	0	0	0	0		
SUBTOTAL	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		
SUBTOTAL	0	0	0	0	0		
6. Art SUBTOTAL	0	0	0	0	0		
7. 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		
Commissioning	0	0	0	0	0		
SUBTOTAL	0	0	0	0	0		
8. Inflation							
Midpoint of Construction							
Inflation Multiplier		0.00%	0.00%	0.00%			
Inflation Cost **SUBTOTAL**		0	0	0	0		
9. Other SUBTOTAL	0	0	0	0	0		
GRAND TOTAL	$12	$200	$0	$0	$212		

PROJECT LOCATION: Apple Valley, MN

AGENCY PROJECT PRIORITY: 2 of 2

1998 STATE APPROPRIATION REQUEST: $200

PROJECT DESCRIPTION:

The Minnesota Zoological Garden (MZG) is recognized as a leader in education. In order to meet the increasing demand for education programming we are requesting funding for design money for a new educational facility to better serve the young people and adults on site from the metro area and greater Minnesota.

PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC PLAN AND CAPITAL PLAN:

The MZG is a unique statewide resource with the mission to strengthen the bond between people and the living earth. The MZG is an interdisciplinary living museum, combining the traditional scientific collection of biological species with innovative entrepreneurial and educational opportunities. As an education resource, the MZG is dedicated to making educational programming available to young people and adults, both on the zoo site and beyond our doors.

Every K-12 educational facility in the state has specialized space to facilitate the education of visiting students who come for intensive course offerings. Although the zoo as a whole is a great place for school visits, the ability to truly go beyond an observational experience to one where the state graduation requirements can be fulfilled in an informal setting is directly related to the amount of classroom space available. This new learning center would provide the facility that would not only enhance the current presentations, but also open some new avenues in teaching our zoo curricula. Traditionally, we are only able to reach about 15% of the annual school population. Currently the zoo uses all available space for education programming. The SES High School, which is only available to us in the summer, is approximately a 1/4 mile walk from the nearest entrance to the zoo, totally inadequate for preschool through 3rd grade groups; impractical for all groups during inclement weather.

The MZG was an education destination for over 115,000 participants during 1997. 63% of the school children were K-3; 26% of the students visiting the zoo came from outside the metropolitan counties. 293 teachers participated in workshops designed to meet the science needs of students. 1,800 children participated in the 1996-97 summer zoo camp.

IMPACT ON AGENCY OPERATING BUDGETS (FACILITIES NOTE):

It is the intent of the MZG to raise the funds for construction of this education building through private means if design dollars are secured through the state. The educational programs are a revenue source for the zoo. It is anticipated with the availability of this building for programming, enough dollars will be generated to cover all operating costs.

OTHER CONSIDERATIONS:

Pre-design document is complete and is available for review. Graphs are being prepared to show program participation.

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

Connie Braziel, Operations Director
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Zoological Gardens
Education Building

AGENCY CAPITAL BUDGET REQUEST
Fiscal Years 1998-2003
Dollars in Thousands ($137,500 = $138 thousand)

Project Detail

CAPITAL FUNDING SOURCES	Prior Years	FY 1998-99	FY 2000-01	FY 2002-03	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	200	0	0	200
State Funds Subtotal	0	200	0	0	200
Agency Operating Budget Funds	12	0	0	0	12
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	200	0	0	212

IMPACT ON STATE OPERATING COSTS	Current FY 1998-99	Projected Costs (Without Inflation)			
		FY 1998-99	FY 2000-01	FY 2002-03	FY 2004-05
Compensation -- Program and Building Operation	0	0	0	140	0
Other Program Related Expenses	0	0	0	20	0
Building Operating Expenses	0	0	0	55	0
State-Owned Lease Expenses	0	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0	0
Expenditure Subtotal	0	0	0	215	0
Revenue Offsets	0	0	0	<215>	0
TOTAL	0	0	0	0	0
Change from Current FY 1998-99		0	0	0	0
Change in F.T.E. Personnel		0.0	0.0	3.5	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (For bond-financed proje	Amount	Percent of Total
General Fund	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.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (Legislature)
No	MS 16B.335 (1b): Project Exempt From This Review (Legislature)
No	MS 16B.335 (2): Other Projects (Legislative Notification)
No	MS 16B.335 (3): Predesign Requirement (Administration Dept)
No	MS 16B.335 (4): Energy Conservation Requirements (Agency)
No	MS 16B.335 (5): Information Technology Review (Office of Technology)
No	MS 16A.695: Use Agreement Required (Finance Dept)
No	MS 16A.695: Program Funding Review Required (Agency)
No	Matching Funds Required (as per agency request)

Dollars in Thousands ($137,500 = $138 thousand)

Department of Administration Analysis:

A predesign document is in the process of being developed. Additional information is being sought consequently no review or recommendation has been issued at this time. It is assumed that this document will reflect this capital request.

Department of Finance Analysis:

This request is solely for funding the design phase of an education building. The Zoo intends to solicit funds from private sources to construct and equip the facility with no further funding from the state. Programming and building operating costs are also expected to be covered by increased revenues derived from additional educational programming. This project received a moderate score, receiving points from 3 criteria: strategic linkage to the agency's long range plan, customer service, and agency priority.

Governor's Recommendation:

The Governor recommends that the Minnesota Zoo solicit funding for design of the education building from private sources.

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	0
TOTAL	**700 Maximum**	**225**

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Minnesota strategic capital
budget plan