

**CHAPTER 295--H.F.No. 1068**

*An act relating to capital investment; appropriating money for capital improvement projects; modifying grant programs; authorizing the Housing Finance Agency to issue housing infrastructure bonds; amending Minnesota Statutes 2012, sections 12A.16, subdivision 5; 174.50, subdivision 7; 174.52, subdivision 3; 240A.09; 462A.37, subdivision 2, by adding subdivisions.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the general fund to the state agencies or officials indicated, to be spent for public purposes. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

**SUMMARY**

<u>Natural Resources</u>	\$	<u>15,000,000</u>
<u>Agriculture</u>		<u>325,000</u>
<u>Administration</u>		<u>1,000,000</u>
<u>Minnesota Amateur Sports Commission</u>		<u>1,500,000</u>
<u>Public Safety</u>		<u>225,000</u>
<u>Transportation</u>		<u>51,743,000</u>
<u>Veterans Affairs</u>		<u>225,000</u>
<u>Corrections</u>		<u>18,000,000</u>
<u>Employment and Economic Development</u>		<u>83,255,000</u>
<u>Public Facilities Authority</u>		<u>22,275,000</u>
<u>Minnesota Historical Society</u>		<u>1,400,000</u>
<u>Iron Range Resources and Rehabilitation Board</u>		<u>3,800,000</u>
<b><u>TOTAL</u></b>	<b>\$</b>	<b><u>198,748,000</u></b>

**APPROPRIATIONS**

Sec. 2. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation** \$ 15,000,000

To the commissioner of natural resources for the purposes specified in this section.

Subd. 2. **Flood Hazard Mitigation** 7,500,000

(a) For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

(b) Levee projects, to the extent practical, shall meet the state standard of three feet above the 100-year flood elevation.

(c) Project priorities shall be determined by the commissioner as appropriate and based on need, and to the extent possible, address needs in the Moorhead and Montevideo areas first.

(d) This appropriation includes money for the following county, township, and municipal projects as prioritized by the commissioner: Ada, Afton, Alvarado, Argyle, Austin, Borup, Breckenridge, Browntown, Climax, Crookston, Delano, Granite Falls, Inver Grove Heights, Maynard, Melrose, Minneota, Minnesota River Area II, Montevideo, Moorhead, Newport, Nielsville, Oakport Township, Oslo, Roseau, Rushford, St. Vincent, South St. Paul, and Shelly.

(e) This appropriation includes money for the following watershed projects: Cedar River Watershed District; North Ottawa, Bois de Sioux Watershed District; Quick, Two Rivers Watershed District; Redpath, Bois de Sioux Watershed District; Roseau Wildlife Management Area, Roseau River Watershed District; and Shell Rock Watershed District.

(f) For any project listed in this subdivision that the commissioner determines is not ready to proceed or does not expend all the money allocated to it, the commissioner may allocate that project's money to a project on the commissioner's priority list.

(g) To the extent that the cost of a project exceeds two percent of the median household income in a municipality or township multiplied by the number of households in the municipality or township, this appropriation is also for the local share of the project.

**Subd. 3. Fountain Lake Restoration**

7,500,000

For a grant to the Shell Rock River Watershed District for sediment removal and cleanup of Fountain Lake, including engineering, design, permitting, and land acquisition for deposit of removed sediment.

**Sec. 3. AGRICULTURE**

\$

325,000

To the commissioner of agriculture for a grant to the Aitkin County Agricultural Society to predesign,

design, construct, furnish, and equip a shared food service building that can be separated into three smaller food preparation areas. This appropriation does not require a nonstate contribution.

Sec. 4. **ADMINISTRATION** **\$** **1,000,000**

To the commissioner of administration for the capital asset preservation and replacement account in Minnesota Statutes, section 16A.632.

Sec. 5. **MINNESOTA AMATEUR SPORTS COMMISSION** **\$** **1,500,000**

To the Minnesota Amateur Sports Commission for grants to local government units under Minnesota Statutes, section 240A.09, to improve indoor air quality or eliminate R-22.

Sec. 6. **PUBLIC SAFETY** **\$** **225,000**

To the commissioner of public safety for a grant to the city of Cyrus to acquire land for and to predesign, design, construct, furnish, and equip a facility to accommodate the city hall with community meeting space and the fire department. This appropriation does not require a nonstate contribution.

Sec. 7. **TRANSPORTATION**

**Subdivision 1. Total Appropriation** **\$** **51,743,000**

To the commissioner of transportation for the purposes specified in this section.

**Subd. 2. Local Bridge Replacement and Rehabilitation** **20,743,000**

To match federal money and to replace or rehabilitate local deficient bridges as provided in Minnesota Statutes, section 174.50. To the extent practicable, the commissioner shall expend the funds as provided under Minnesota Statutes, section 174.50.

**Subd. 3. Local Road Improvement Fund Grants** **30,000,000**

(a) For construction and reconstruction of local roads with statewide or regional significance under Minnesota Statutes, section 174.52, subdivision 4, or for grants to counties to assist in paying the costs of rural road safety capital improvement projects on county state-aid highways under Minnesota Statutes, section 174.52, subdivision 4a.

(b) This appropriation includes funding for a grant to Ramsey County for the road improvements related to the Twin Cities Army Ammunition Plant redevelopment project.

(c) Of this appropriation, \$250,000 is for a grant to Pine Lake Township in Otter Tail County for improvements to Nitche Lake Road between County Road 8 and County Road 53 in Pine Lake Township.

**Subd. 4. Safe Routes to School**

1,000,000

For grants under Minnesota Statutes, section 174.40, for infrastructure to increase safety and convenience for children to walk or bike to school.

**Sec. 8. VETERANS AFFAIRS**

\$

225,000

To the commissioner of administration for a grant to Edina to design and construct the All Veterans Memorial in the city of Edina, in accordance with Minnesota Statutes, section 416.01. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources.

**Sec. 9. CORRECTIONS**

\$

18,000,000

To the commissioner of administration to design, construct, furnish, and equip phase one of a new health services unit, a new service corridor and security station leading to the unit, and a mechanical building to serve the new health unit and associated utility infrastructure systems and site work; and to design phase two consisting of new intake, warehouse, and loading dock buildings associated utility infrastructure systems and sitework and all associated repurposing, including asbestos and hazardous materials abatement of interior spaces that were formally used for the occupancies being moved to the new phase one and two buildings at the Minnesota Correctional Facility in St. Cloud.

**Sec. 10. EMPLOYMENT AND ECONOMIC DEVELOPMENT**

**Subdivision 1. Total Appropriation**

\$

83,255,000

To the commissioner of employment and economic development for the purposes specified in this section.

**Subd. 2. Innovative Business Development Public Infrastructure Grant Program**

500,000

For grants under Minnesota Statutes, section 116J.435.

**Subd. 3. Duluth - NorShor Theatre**

6,950,000

For a grant to the Duluth Economic Development Authority to design, construct, furnish, and equip certain public improvements, including skyway access from adjacent public parking, interior circulation, street and utility upgrades, the connection between the skyway and street levels, handicapped access, and the restoration of the lobby, entrance, and marquee, as part of the restoration and to enhance and provide public access to the historic NorShor Theatre. This appropriation is not available until the commissioner of management and budget has determined that at least \$13,900,000 has been committed to the project from nonstate sources and that sufficient nonstate funds are available to complete the project. Funds invested in the project by an investor receiving an assignment of state historic tax credits pursuant to Minnesota Statutes, section 290.0681, are nonstate funds for purposes of this requirement. Due to the integrated nature of the overall development, public bidding shall not be required.

**Subd. 4. Duluth - Spirit Mountain Recreation Area**

3,400,000

For a grant to the city of Duluth for the Spirit Mountain Recreation Area Authority to acquire easements, licenses, and other interests in real property and to engineer, design, permit, and construct works and systems to transport water from the St. Louis River estuary for commercial and industrial use. This appropriation is not available until the commissioner of management and budget determines that at least \$1,100,000 has been committed to the project from nonstate sources. Expenditures made on or after September 1, 2011, for this project shall count toward the match from nonstate sources.

**Subd. 5. Duluth - Wade Stadium**

2,300,000

For a grant to the city of Duluth to design, construct, furnish, and equip improvements to Wade Stadium, including the stadium walls and façade, grandstand,

lighting, concession facilities and field, with proper drainage, for a ballpark and public outdoor events facility. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount is committed to the project from nonstate sources.

**Subd. 6. Hermantown - Regional Health and Wellness Center**

250,000

For a grant to the city of Hermantown to study, plan, and predesign a health and wellness center to meet the needs of the multigenerational population in the region. The facility will be located on the Hermantown School District campus and may be operated in collaboration with the Young Men's Christian Association. This appropriation does not require a local match.

**Subd. 7. Lake Superior - Poplar River Water District**

1,110,000

For a grant to the Lake Superior-Poplar River Water District to acquire interests in real property, engineer, design, permit, and construct infrastructure to transport and treat water from Lake Superior through the Poplar River Valley to serve domestic, irrigation, commercial, stock watering, and industrial water users. This appropriation does not require a nonstate match.

**Subd. 8. Mankato - Arena and Events Center Auditorium**

14,500,000

For a grant to the city of Mankato to design, construct, furnish, and equip an addition to and renovate existing space, and for other improvements of a capital nature to the Minnesota State University Arena and Event Center Auditorium. This appropriation is not available until the commissioner of management and budget determines that at least \$14,500,000 has been committed to the project from nonstate sources. Amounts expended by the city of Mankato for project costs since March 1, 2013, shall count toward the matching requirement.

**Subd. 9. Rochester - Mayo Civic Center Complex**

35,000,000

For a grant to the city of Rochester to design, construct, furnish, and equip the renovation and ex-

pansion of the Mayo Civic Center complex and related infrastructure, including but not limited to skyway access, lighting, parking, and landscaping. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources. Amounts expended by the city of Rochester for project costs since July 1, 2013, shall count toward the matching requirement.

**Subd. 10. Sandstone - Business Park**

200,000

For a grant to the city of Sandstone to design and construct necessary public infrastructure to open a planned business park to serve a major tenant in Sandstone, Pine County. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount is committed to the project from nonstate sources.

**Subd. 11. St. Cloud - River's Edge Convention Center**

11,560,000

For a grant to the city of St. Cloud to predesign, design, construct, furnish, and equip an expansion of the River's Edge Convention Center, including a parking facility and pedestrian skyway connection. This appropriation is not available until the commissioner of management and budget determines that at least \$10,100,000 has been committed to the project from nonstate sources. Amounts expended by the city of St. Cloud for project costs since July 1, 2010, shall count toward the matching requirement.

**Subd. 12. St. Paul - Minnesota Children's Museum**

7,485,000

For a grant to the city of St. Paul to predesign, design, construct, furnish, and equip an expansion and renovation of the Minnesota Children's Museum. The expansion and exhibit upgrades should incorporate the latest research on early learning, allow for new state-of-the-art education facilities, and increase the capacity of visitors to galleries and programming areas. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed from nonstate sources. Amounts expended for this project by nonstate sources since October 1, 2010, shall count toward the nonstate match.

**Sec. 11. PUBLIC FACILITIES AUTHORITY****Subdivision 1. Total Appropriation****\$ 22,275,000**

To the Public Facilities Authority for the purposes specified in this section.

**Subd. 2. Lewis and Clark Joint Powers Board****22,000,000**

For a grant to the Lewis and Clark Joint Powers Board to acquire land or interests in land for, and to design, engineer, and construct pipeline and other facilities and infrastructure necessary for phase I of the Lewis and Clark Regional Water System project, and the extension to Magnolia, if possible. This appropriation is not available until the commissioner of management and budget determines: (1) that the construction and administration for work done on the project will comply with all federal requirements and regulations associated with the Lewis and Clark Rural Water System Act of 2000, and the cooperative agreement between the United States Department of the Interior; and (2) that a nonstate match, including local and federal dollars, of at least \$5,000,000 is committed to the project.

**Subd. 3. Oslo Water Infrastructure Study****275,000**

Of this appropriation, \$200,000 is for a grant to the city of Oslo for a water infrastructure study and \$75,000 is for a grant to the Middle Snake Tamarac Watershed District for a Red River of the North floodway hydraulic study for the Oslo area.

**Sec. 12. MINNESOTA HISTORICAL SOCIETY****\$ 1,400,000**

To the Minnesota Historical Society to be allocated to county and local jurisdictions as matching money for historic preservation projects of a capital nature, as provided in Minnesota Statutes, section 138.0525.

**Sec. 13. IRON RANGE RESOURCES AND REHABILITATION BOARD****\$ 3,800,000**

To the Iron Range Resources and Rehabilitation Board to predesign, design, construct, furnish, and equip a new multiuse, year-round event center at Giants Ridge that will replace the existing facility. This appropriation is not available until the commissioner of management and budget determines that



at least an equal amount has been committed to the project from other sources.

Sec. 14. Minnesota Statutes 2012, section 12A.16, subdivision 5, is amended to read:

Subd. 5. **Waivers authorized.** The requirements of section 174.50, subdivisions 5, ~~6, 6a,~~ and to 7, are waived for grants under subdivision 3.

Sec. 15. Minnesota Statutes 2012, section 174.50, subdivision 7, is amended to read:

Subd. 7. **Bridge grant program requirements; rulemaking.** (a) The commissioner of transportation shall develop rules, procedures for application for grants, conditions of grant administration, standards, and criteria as provided under subdivision 6, including bridge specifications, in cooperation with road authorities of political subdivisions, for use in the administration of funds appropriated to the commissioner and for the administration of grants to subdivisions.

(b) The maximum use of standardized bridges is encouraged. Regardless of the size of the existing bridge, a bridge or replacement bridge is eligible for assistance from the state transportation fund if a hydrological survey indicates that the bridge or replacement bridge must be ten feet or more in length.

(c) As part of the standards or rules, the commissioner shall, in consultation with local road authorities, establish a minimum distance between any two bridges that cross over the same river, stream, or waterway, so that only one of the bridges is eligible for a grant under this section. As appropriate, the commissioner may establish exceptions from the minimum distance requirement or procedures for obtaining a variance.

(d) Political subdivisions may use grants made under this section to construct or reconstruct bridges, including but not limited to:

(1) matching federal aid grants to construct or reconstruct key bridges;

(2) paying the costs to abandon an existing bridge that is deficient and in need of replacement but where no replacement will be made; and

(3) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge if the commissioner determines that the bridge is deficient, and that construction of the road or street is more economical than replacement of the existing bridge.

(e) Funds appropriated to the commissioner from the Minnesota state transportation fund shall be segregated from the highway tax user distribution fund and other funds created by article XIV of the Minnesota Constitution.

Sec. 16. Minnesota Statutes 2012, section 174.52, subdivision 3, is amended to read:

Subd. 3. **Advisory committee.** (a) The commissioner shall establish ~~an~~ a local road improvement program advisory committee consisting of five members, including:

(1) one county commissioner;

(2) one county engineer;

(3) one city engineer;

- (4) one city council member or city administrator representing a city with a population over 5,000; and
- (5) one city council member or city administrator representing a city with a population under 5,000.

~~(b)~~ The advisory committee shall provide recommendations to the commissioner regarding expenditures from the trunk highway corridor projects account accounts established in this section.

~~(b)~~ (c) Notwithstanding section 15.059, subdivision 5, the committee does not expire.

Sec. 17. Minnesota Statutes 2012, section 240A.09, is amended to read:

#### **240A.09 PLAN DEVELOPMENT; CRITERIA.**

The Minnesota Amateur Sports Commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit. Institutions of higher education are not eligible to receive a grant.

(b) The commission must give priority to grant applications for indoor air quality improvements and projects that eliminate R-22. For purposes of this section:

(1) "indoor air quality improvements" means: (i) renovation or replacement of heating, ventilating, and air conditioning systems in existing indoor ice arenas whose ice resurfacing and ice edging equipment are not powered by electricity in order to reduce concentrations of carbon monoxide and nitrogen dioxide; and (ii) acquisition of zero emission ice resurfacing and ice edging equipment. The new or renovated systems may include continuous electronic air monitoring devices to automatically activate the ventilation systems when the concentration of carbon monoxide or nitrogen dioxide reaches a predetermined level; and

(2) "projects that eliminate R-22," means replacement of ice making systems in existing public facilities that use R-22 as a refrigerant, with systems that use alternative non-ozone-depleting refrigerants.

~~(b)~~ (c) In the metropolitan area as defined in section 473.121, subdivision 2, the commission is encouraged to give priority to the following proposals:

- (1) proposals for construction of two or more ice sheets in a single new facility;
- (2) proposals for construction of an additional sheet of ice at an existing ice center;
- (3) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities; and
- (4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

~~(e)~~ (d) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

~~(d)~~ (e) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

~~(e)~~ (f) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

~~(f)~~ (g) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

~~(g)~~ (h) The commission may also use the money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

~~(h)~~ (i) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

~~(i)~~ (j) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time and on projects described in paragraph (b).

~~(j)~~ (k) A grant for new facilities may not exceed \$250,000.

~~(k)~~ (l) The commission may make grants for rehabilitation and renovation. A rehabilitation or renovation grant may not exceed ~~\$100,000~~ \$200,000. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment, and for projects that eliminate R-22.

~~(l)~~ (m) Grant money may be used for ice centers designed for sports other than hockey.

~~(m)~~ (n) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 326B.112.

Sec. 18. Minnesota Statutes 2012, section 462A.37, subdivision 2, is amended to read:

Subd. 2. **Authorization.** (a) The agency may issue up to \$30,000,000 in aggregate principal amount of housing infrastructure bonds in one or more series to which the payment made under this section may be pledged. The housing infrastructure bonds authorized in this subdivision may be issued to fund loans, on terms and conditions the agency deems appropriate, made for one or more of the following purposes:

(1) to finance the costs of the construction, acquisition, and rehabilitation of supportive housing for individuals and families who are without a permanent residence;

(2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned housing to be used for affordable rental housing and the costs of new construction of rental housing on abandoned or foreclosed property where the existing structures will be demolished or removed;

(3) to finance that portion of the costs of acquisition of ~~abandoned or foreclosed~~ property that is attributable to the land to be leased by community land trusts to low- and moderate-income homebuyers; and

(4) to finance the costs of acquisition and rehabilitation of federally assisted rental housing and for the refinancing of costs of the construction, acquisition, and rehabilitation of federally assisted rental housing,

including providing funds to refund, in whole or in part, outstanding bonds previously issued by the agency or another government unit to finance or refinance such costs.

(b) Among comparable proposals for permanent supportive housing, preference shall be given to permanent supportive housing for veterans and other individuals or families who:

(1) either have been without a permanent residence for at least 12 months or at least four times in the last three years; or

(2) are at significant risk of lacking a permanent residence for 12 months or at least four times in the last three years.

**EFFECTIVE DATE.** This section is effective the day following final enactment for bonds authorized in 2014 and thereafter.

Sec. 19. Minnesota Statutes 2012, section 462A.37, is amended by adding a subdivision to read:

Subd. 2a. **Additional authorization.** In addition to the amount authorized in subdivision 2, the agency may issue up to \$80,000,000 of housing infrastructure bonds in one or more series to which the payments made under this section may be pledged.

Sec. 20. Minnesota Statutes 2012, section 462A.37, is amended by adding a subdivision to read:

Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the commissioner of management and budget the actual amount of annual debt service on each series of bonds issued under subdivision 2a.

(b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure bonds issued under subdivision 2a remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed \$6,400,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(c) The agency may pledge to the payment of the housing infrastructure bonds the payments to be made by the state under this section.

Sec. 21. **AMERICAN-MADE STEEL.**

To the extent practicable, a public entity receiving an appropriation of public money for a project in this act must ensure those facilities are built with American-made steel.

Sec. 22. **WATER CONNECTION; CITY OF WORTHINGTON.**

The commissioners of health, natural resources, and the Pollution Control Agency shall issue the necessary permits and approvals to allow the city of Worthington to continue to connect and receive water from Lincoln Pipestone Rural Water until the Lewis and Clark Regional Water System project is able to provide water to the city. A person, local unit of government, or other entity adding salt or a substance containing salt to water pumped by Lincoln Pipestone Rural Water to treat it for nitrates shall not be subject to a fine or other penalty for violations of wastewater discharge requirements as long as Lincoln Pipestone Rural Water continues to take action to address wastewater discharge noncompliance. This provision does

not preclude state agencies from taking action other than fines or penalties to resolve any wastewater discharge violations.

Sec. 23. **APPROPRIATIONS GIVEN EFFECT ONCE.**

Except for appropriations for the Flood Hazard Mitigation program, Minnesota Children's Museum, the Lewis and Clark Regional Water System, the local bridge replacement program under Minnesota Statutes, section 174.50, and to the local road improvement fund grants under Minnesota Statutes, section 174.52, if an appropriation in this act is enacted more than once in the 2014 legislative session for the same purpose, the appropriation must be given effect only once. If the appropriations for the same purpose are for different amounts, the lowest of the amounts is the one to be given effect.

Sec. 24. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the headnote for Minnesota Statutes, section 134.45, to "LIBRARY CONSTRUCTION GRANTS."

Sec. 25. **EFFECTIVE DATE.**

Except as otherwise provided, this act is effective the day following final enactment.

Presented to the governor May 17, 2014

Signed by the governor May 20, 2014, 9:28 a.m.