

Project Requests for State Funds					
Project Title	Priority Ranking	Funding Source	2026	2028	2030
East Grand Forks Potato Inspection Facility Updates	1	GO	\$ 2,093	\$ 0	\$ 0
Rural Finance Authority (RFA) Loans	2	GO	\$ 15,000	\$ 7,750	\$ 0
Total Project Requests			\$ 17,093	\$ 7,750	\$ 0
General Obligation Bonds (GO) Total			\$ 17,093	\$ 7,750	\$ 0

(\$ in thousands)

East Grand Forks Potato Inspection Facility Updates

AT A GLANCE**2026 Request Amount:** \$2,093**Priority Ranking:** 1

Project Summary: \$2.093 million in general obligation bonds for updates to the East Grand Forks Potato Inspection Facility to maintain the integrity and function of the building. Bonding dollars were allocated in fiscal year 2023 which was intended to provide repairs and replacement of building components. Through the course of bidding and planning for implementation, it has been determined that many other aspects of the building require attention.

Project Description

This building is owned, operated and maintained by the MDA and is used to facilitate seed potato certification, laboratory analysis, surveys and inspections required for to market potatoes for sale and export, and federal crop insurance grading for potatoes. The building was built in 1993 and is 8,000 sq ft., and it currently houses five full time employees and often hosts potato growers for meetings or submission of samples for testing.

In legislative session 2023, the MDA requested bonding dollars to address the building roof and exterior finishes, updates to the electrical system, HVAC service and lighting as well as assistance with maintenance costs such as painting and interior finish updates. The department received \$384,000 through bonding and \$73,000 in general funds to make these updates. However, due to efficiency standards, rising material costs and repairs exceeding initial estimates the money allocated only covers a portion of the work planned, specifically replacement of asphalt shingles with a steel roof.

The department is requesting additional assistance for the remaining updates as well as additional needed updates and maintenance that have become known since the original proposal was submitted. The following is an itemized list of the updates and repairs needed for the building:

Backlog of work from initial proposal:

- upgrade lighting throughout building and update water heater
- HVAC system upgrade including garage heat
- updated electrical panel
- updated flooring throughout building
- painting throughout building

New work identified since initial proposal:

- replace exterior electrical outlets

- repair or replace interior and exterior doors
- install energy efficient windows
- plumbing updates to route water to 2nd floor and remove outdated plumbing on 1st floor
- update furniture and break room appliances
- install window treatments
- install security system
- install pulley system to move heavy materials to 2nd floor
- install building wi-fi
- install A/V for conference room
- install electric vehicle charging station

Project Rationale

The building is an important facility for the department. It houses the potato inspection team and serves as an important meeting area with Minnesota potato growers. The building meets several unique needs of the program including laboratory space, facilities for potato tubers to be collected and stored before shipping to Hawaii for winter testing, and a space where potatoes can be grown for disease testing. The department and program have invested funds in the building at several points in the past, but the number and expense of the updates needed have grown beyond the ability of the program/department to cover.

Project Timeline

Work has already begun on the repairs to the roof and the design and discovery for improvements to HVAC and electrical systems. The backlog of repairs identified in the initial proposal could begin shortly after additional funds are allocated. The new work identified could be completed concurrently with the backlog work to maximize efficiency of contractors and minimize impact to the program work completed in the facility. It is estimated that the extent of the work needed will take two or more years to accomplish. This is based on the timeline experienced with the current project which was funded on June 1st, 2023 and is scheduled to be completed during 2025 with the construction of a steel roof for the building.

Other Considerations

Of the \$2.093 million requested in overall construction funding, approximately \$530 thousand are requested to complete the backlog of work from the original proposal. The remaining dollar amount is to newly identified work items.

Impact on Agency Operating Budgets

Neither the potato program nor the Department is in a position to fund the work needed for this building. The potato inspection program is supported by fees paid by about 2 dozen seed potato growers. The updates needed to bring the building into alignment with modern building standards are greater than the Department can support.

Description of Previous Appropriations

\$384 thousand in general obligation bonds and \$73 thousand in general funds was appropriated in the 2023 legislative session which covered the installation of a steel roof.

\$50 thousand in 2015 to replace windows - only builder-grade windows could be purchased with

these dollars

\$20 thousand in 2008 to replace the roof with new asphalt shingles - the size and aspect of the roof combined with the weather in East Grand Forks have resulted in numerous roof repairs since leading us to opt for a steel roof replacement that will be more durable.

Project Contact Person

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Rural Finance Authority (RFA) Loans**AT A GLANCE****2026 Request Amount:** \$15,000**Priority Ranking:** 2

Project Summary: The Minnesota Department of Agriculture (MDA) requests authorization to sell \$15 million in general obligation bonds to support loan programs administered by the Rural Finance Authority (RFA) including the Beginning Farmer, Seller Sponsored, Agricultural Improvement, Livestock Expansion, Restructure II loans.

Project Description

MDA's RFA is the state's agricultural lender with a mission to develop farm resources and the RFA offers low-interest loan programs for a variety of farm activities.

Dollars obtained through the bond sale are used to provide loans to Minnesota farmers. Farmers pay back the loans which in turn pay back the bonds plus the interest. Since 1986 the RFA has never defaulted on a loan and carry a loan loss reserve fund as a contingency.

Project Rationale

These bonds allow the RFA to help Minnesota farmers obtain affordable financing under terms and conditions not available from other credit sources.

Project Timeline

The RFA was established in 1986 and is ongoing. The RFA statute can be found in Chapter 41B Rural Finance Authority.

Other Considerations

As of May 2023, the RFA has invested in more than 3,800 participation loans, totaling over \$360 million in loans to Minnesota farmers since 1986.

Impact on Agency Operating Budgets

There is not an impact other than potentially positive as all bonds are paid back with interest.

Description of Previous Appropriations

General Obligation Bond Appropriations:

Laws of Minnesota for 1986, \$50 million

Laws of Minnesota for 1996, \$41 million

Laws of Minnesota for 1997, \$1.250 million

Laws of Minnesota for 2000, \$20 million
Laws of Minnesota for 2002, \$15 million
Laws of Minnesota for 2005, \$18 million
Laws of Minnesota for 2007, \$30 million
Laws of Minnesota for 2007, \$30 million
Laws of Minnesota for 2009, \$35 million
Laws of Minnesota for 2012, \$33 million
Laws of Minnesota for 2017, \$35 million
Laws of Minnesota for 2018, \$35 million

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