

The Minnesota Linkage Line and Medicare Part D Drug Benefit - Summary of Impact

Minnesota's approximately 700,000 Medicare beneficiaries have an option to enroll in Medicare Part D, a new prescription drug benefit that became available on January 1, 2006. Current Medicare beneficiaries have until May 15, 2006 to make a decision without incurring a penalty.

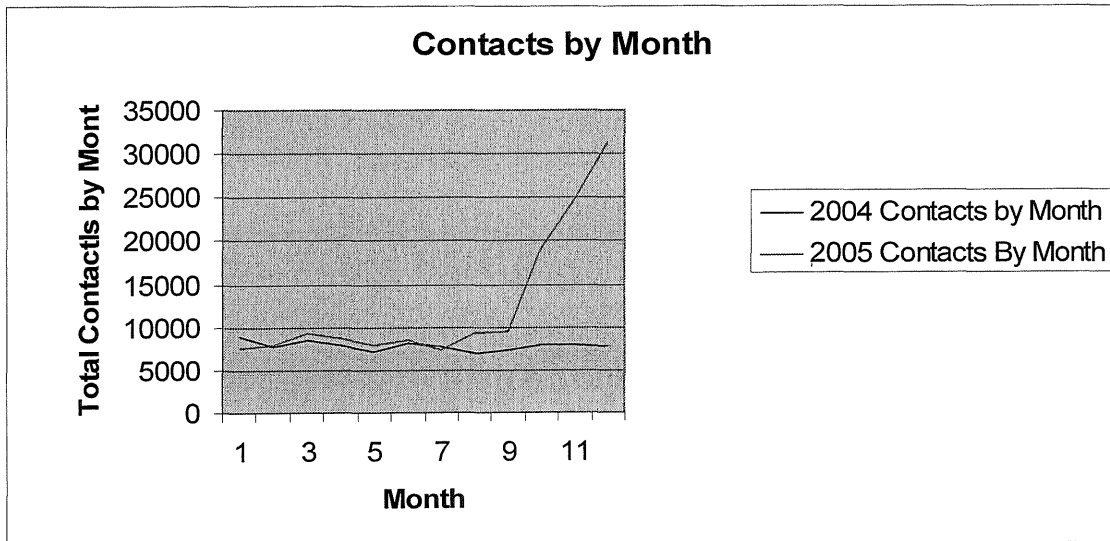
1. The drug plan choices in Minnesota are diverse and complex. Minnesota's options include:
 - 41 Regional Stand Alone Prescription Drug Plans
 - 3 Regional Medicare Advantage Preferred Provider Organizations
 - 8 Local Medicare Cost Plans
 - 8 Local Medicare Advantage HMOs
 - 2 Local Medicare Advantage Private Fee For Service plans
 - 12 Local Medicare Advantage Special Needs Plans
2. Each of these 74 options has its own formulary and participating pharmacy network.
3. Individual prescription drug prices for each plan can change weekly.
4. Plans can change formularies as long as a 60 day notice is provided to the member.
5. Each plan has variable premiums, deductibles and other cost sharing amounts.
6. The more medications a beneficiary needs, the more difficult it is to choose the right plan and many plans won't cover all prescription drugs that a person is taking without the beneficiary filing an exception through the "exceptions, appeals and grievances" process which can be complicated in and of itself and requires additional forms assistance.
7. People with disabilities and frail elderly (often dual eligibles) as well as former Minnesota Prescription Drug Program enrollees especially need help as they tend to take more prescriptions. Many people helped by the linkage line take in excess of 20 prescriptions to manage chronic conditions.
8. People in nursing homes and other long-term care settings have the same options and needs for assistance.

Medicare Part D Linkage Line Assistance

While there have been system problems with the start of the Drug benefit, these problems will be resolved and the system will stabilize eventually resulting in people getting their drugs filled at the pharmacy with far less challenges than in the last two weeks. However, long term there will be a need for further assistance. Some examples of the type of assistance that the linkage line will provide includes:

- Assisting beneficiaries with the plan's Exceptions, Appeals and Grievances process in order to help them deal with changing formularies and avoid the need to "shop" plans in order to get the medications they need at the correct cost sharing amounts.

- Changing formularies will require many dually eligible beneficiaries to change plans. This will require intensive one to one assistance so beneficiaries can maximize their options and enroll in the plan where they will be able to get the majority of medications they need on the plan formulary.
- New Minnesota Medicare enrollees will need help choosing a Medicare Part D plan.
- General questions and problem solving assistance with Part D will continue. Medicare Part D is a new program and likely to undergo major changes in its implementation and plan options, especially in the next 3 years as there is speculation that employer plans will choose to either stay or end prescription drug coverage in the next several years and the current cadre of plan options will make critical business decisions to pull out or stay in the program depending on enrollment numbers and potential profit.
- **The ongoing work of Linkage Line will also continue.** On average, Linkage Line received 7,000 contacts **per month** in 2004 while it received more than 7,000 contacts **per week** since November 15, when Part D enrollment began. The Linkage Line experienced a 64% increase in contacts for 2005. The chart below demonstrates the sharp increase in calls as the Part D benefit went to implementation.



- Contacts in September 2005 were 28% higher than in September 2004
- contacts in October 2005 contacts were 140% higher than in October 2004.
- contacts in November 2005 were 216% higher than in November 2004
- contacts in December 2005 were 302% higher than in December 2004



Minnesota's dual eligible populations

Who are dual eligibles?

The "dual eligibles" are Medicare beneficiaries who are:

- Medical Assistance enrollees – elderly, disabled, parents, etc
- Medical Assistance spend down enrollees
- Medical Assistance for Employed Persons with Disabilities (MA-EPD) enrollees
- Medicare Savings Program enrollees

How many dual eligibles are there in Minnesota?

- Medical Assistance – approximately 95,000
- Medicare Savings Programs – approximately 9,000

Note: Approximately 8,000 dual eligibles were enrolled in Minnesota's Prescription Drug Program, which ended December 31, 2005.

How do coverage and costs change for dual eligibles under Medicare Part D?

For Medical Assistance enrollees with Medicare:

- All must transition to Medicare prescription drug coverage
- All are automatically eligible for Part D premium and cost-sharing subsidies, with out-of-pocket costs limited to copays between \$1 and \$5 depending on income (no monthly cap on Medicare copays)
- No copays for enrollees in a medical institution, nursing facility or ICF/MR and
- Medicare randomly assigns enrollees to a prescription drug plan or they are passively enrolled in a Special Needs Plan for their Medical Assistance and Medicare benefits. They can opt out or change plans at any time.

For Medicare Savings Program (MSP) enrollees:

- Medicare Savings Programs provide help by paying Medicare Parts A and B cost sharing. This is the only benefit MSP-only enrollees receive.
- Many MSP enrollees (about 5,300) were Prescription Drug Program enrollees
- All are automatically eligible for Part D premium and cost-sharing subsidies, with out-of-pocket costs limited to copays between \$1 and \$5 depending on income (no monthly cap on Medicare copays)

- All must join a Medicare prescription drug plan to begin Part D drug coverage. They will not be randomly assigned to Medicare prescription drug plans until May 2006 for coverage effective June 1, 2006 and
- DHS partnered with the Board on Aging to assist all who were Prescription Drug Program enrollees with enrollment in a Part D plan.

| Project Title | Agency Priority | Funding Source | Agency Request | | | Governor's Rec | Governor's Planning Estimates | |
|---|-----------------|----------------|----------------|--------|-------|----------------|-------------------------------|-------|
| | | | 2006 | 2008 | 2010 | 2006 | 2008 | 2010 |
| MSOP Expansion - Phase One | 1 | GO | \$44,580 | \$0 | \$0 | \$44,580 | \$0 | \$0 |
| MSOP Expansion - Design Phase Two | 2 | GO | 3,200 | 47,500 | 0 | 3,200 | 47,500 | 0 |
| System-Wide Campus Redevelopment/Reuse/Demo | 3 | GO | 7,000 | 4,000 | 0 | 7,000 | 4,000 | 0 |
| St. Peter - Construct New Program Building | 4 | GO | 2,500 | 0 | 0 | 2,500 | 0 | 0 |
| System-Wide - Campus Security/Safety Improvements | 5 | GO | 2,500 | 2,500 | 0 | 2,500 | 2,500 | 0 |
| System-Wide Roof Repair/Replacement | 6 | GO | 1,500 | 3,150 | 2,000 | 1,500 | 1,500 | 1,500 |
| System-Wide Asset Preservation | 7 | GO | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |

| | | | | | | |
|---------------------------------|----------|----------|---------|----------|----------|---------|
| Project Total | \$65,280 | \$61,150 | \$6,000 | \$65,280 | \$59,500 | \$5,500 |
| General Obligation Bonding (GO) | \$65,280 | \$61,150 | \$6,000 | \$65,280 | \$59,500 | \$5,500 |

| | | | |
|-------------------------|-------------------------------|----------------------------------|-----------------------------|
| Funding Sources: | GF = General Fund | THF = Trunk Highway Fund | OTH = Other Funding Sources |
| | GO = General Obligation Bonds | THB = Trunk Highway Fund Bonding | UF = User Financed Bonding |

Agency Profile At A Glance

Health care programs

- ◆ Almost 670,000 people served in FY 2005
- ◆ Medical Assistance – 483,000 people
- ◆ MinnesotaCare – 142,000 people
- ◆ General Assistance Medical Care – 37,000 people
- ◆ Prescription Drug Program – 7,800 people

Economic assistance programs

- ◆ Food Support – 251,000 people in FY 2005
- ◆ Minnesota Family Investment Program (MFIP) – 40,000 families in FY 2005
- ◆ General Assistance – 13,700 people in FY 2005
- ◆ Child Support Enforcement – 250,000 cases in FY 2005
- ◆ Child support collections – \$596 million in child support payments in FY 2005
- ◆ MFIP Child Care Program and Basic Sliding Fee Program – 16,900 families in FY 2005

Child welfare services

- ◆ 10,300 children received care from foster families in calendar year 2004
- ◆ Almost 8,300 children were cared for by adoptive parents or relatives who receive financial assistance (Relative Custody Assistance and Adoption Assistance) for children's special needs in calendar year 2005
- ◆ 643 children under state guardianship were adopted in calendar year 2005

Mental health services

- ◆ 106,350 adults received publicly funded mental health services in 2004.
- ◆ 41,210 children received publicly funded mental health services in 2004.

Operations and two-year state budget

- ◆ FY 2006-07 \$8.1 billion general fund budget
- ◆ FY 2006-07 \$17.8 billion all funds budget

- ◆ 87% of DHS' general fund budget is spent on health care and long-term care programs and related services
- ◆ 44,180 health care providers
- ◆ 46 million health encounters and claims processed
- ◆ Approximately 97% of DHS' budget goes toward program expenditures
- ◆ Approximately 3% of DHS' budget is spent on central office administration

Agency Purpose

The Minnesota Department of Human Services (DHS) helps people meet their basic needs so they can live in dignity and achieve their highest potential.

Ensuring basic health care for low-income Minnesotans

- ⇒ Medical Assistance (MA), Minnesota's Medicaid program for low-income seniors, children and parents, and people with disabilities.
- ⇒ MinnesotaCare for residents who don't have access to affordable private health insurance and don't qualify for other programs.
- ⇒ General Assistance Medical Care (GAMC), primarily for adults without dependent children.
- ⇒ Prescription Drug Program helped low-income seniors and people with disabilities pay for prescription drugs; it was eliminated as of December 31, 2005, when Part D, the prescription drug program from Medicare went into effect.

Helping Minnesotans support their families

DHS works with counties, nonprofits, and Community Action Agencies to help low-income families with children achieve self-sufficiency through programs such as the Minnesota Family Investment Program (MFIP, the state's welfare reform initiative), child support enforcement, child care assistance, food support, and refugee cash assistance and employment services.

Aiding children and families in crisis

The department supports families to ensure that children in crisis receive the services they need quickly and close to home so they can lead safe, healthy, and productive lives. DHS guides statewide policy in child protection services, out-of-home care, and permanent homes for children.

Assisting people with disabilities

The department promotes independent living for people with disabilities by encouraging community-based services rather than institutional care. DHS sets statewide policy and standards for care, and provides funding for developmental disability services, mental health services, and chemical health services. The department also provides services for people who are deaf or hard-of-hearing through its regional offices in Bemidji, Duluth, Fergus Falls, St. Cloud, St. Paul, St. Peter, Rochester, and Virginia.

Direct care services

DHS provides an array of programs serving people with mental illness, developmental disabilities, chemical dependency, traumatic brain injury, and people who pose a risk to society. These services include psychiatric hospitals being developed throughout Minnesota; a mental health crisis center in Mankato; Minnesota State Operated Community Services, which provides day training, habitation, and residential services to people with disabilities; Community Support Services, which supports people with disabilities in the community and in crisis homes; and other services provided at regional treatment centers in Anoka, Brainerd, Fergus Falls, Moose Lake, St. Peter, and Willmar, and Ah-Gwah-Ching, the state nursing home in Walker. DHS also provides treatment for: people civilly committed as sexual psychopathic personalities and/or sexually dangerous persons in the Minnesota Sex Offender Program at Moose Lake and St. Peter; people committed as mentally ill and dangerous at the Minnesota Security Hospital in St. Peter; and people who are developmentally disabled and present a risk to society at the Minnesota Extended Treatment Options Program in Cambridge.

Promoting independent living for seniors

The department supports quality care and services for older Minnesotans so they can live as independently as possible. Quality assurance and fiscal accountability for the long-term care provided to low-income elderly people,

including both home and community-based services and nursing home care, are key features.

Operations

DHS has a wide variety of customers and business partners, including the state's 87 counties, 44,180 health care providers, and more than one in four Minnesotans who are clients or enrollees in DHS programs. DHS provides significant operational infrastructure to Minnesota's human services programs, most of which are provided at the county level.

DHS licenses about 27,000 service providers, including group homes, treatment programs for people with chemical dependency, mental illness, or developmental disabilities, child care providers, and foster care providers. DHS also monitors their compliance with Minnesota laws and rules, investigates reports of possible maltreatment, and completes background studies on individuals who provide direct care.

DHS' operations also support other providers who directly serve Minnesotans. DHS oversees significant computer systems support for: MAXIS, which determines eligibility for economic assistance programs; PRISM, the child support enforcement system; the Medicaid Management Information System (MMIS), which pays medical claims for publicly funded health care programs; the Social Service Information System (SSIS), an automated child welfare case management system for child protection, children's mental health, and out-of-home placement; and MEC², the Minnesota Electronic Child Care system.

Budget

DHS is one of the state's largest agencies, comprising 34.5% of the state's total spending from all sources. The department's FY 2006-07 budget from all funding sources totals \$17.8 billion. Of the total budget for the biennium, \$8.1 billion comes from general fund tax dollars. The remaining \$9.7 billion comes from federal revenue and other funds, such as the health care access fund, enterprise fund and agency fund. Department staff includes approximately 6,000 full-time equivalent employees.

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For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us>.

At A Glance: Agency Long-Range Strategic Goals**Minnesota Department of Human Services (DHS)**

- ◆ Help people meet their basic needs, live as independently as possible and achieve their highest potential;
- ◆ Ensure basic health care for low-income Minnesotans;
- ◆ Help support Minnesota families;
- ◆ Aid children and families in crisis;
- ◆ Promote independent living for seniors; and
- ◆ Assist people with disabilities

State Operated Services (SOS)

- ◆ Provide direct care safety net services for people with disabilities whose needs can not be met in other ways;
- ◆ Reduce the state's cost of caring for persons with serious and persistent mental illness (SPMI);
- ◆ Continue the transition of State Operated Services for mentally ill from the regional treatment centers to community-based services;
- ◆ Reduce/eliminate the large amount of non-functional surplus space throughout the Regional Treatment Center (RTC) system; and
- ◆ Continue to address critical repair, replacement, and renewal needs specific to the physical plants of each RTC

Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs**State Operated Services**

Since its peak in 1960, when state operated residential facilities served an average daily population of 16,355 persons, RTC population levels have steadily declined as part of a deliberate state strategy to integrate persons with disabilities into their home communities where it is beneficial and appropriate to do so. The present licensed capacity of the RTC system is approximately 3,000 beds and the RTCs collectively serve an average daily population of approximately 1,770 persons on their campuses.

This downsizing trend is a result of advances in the treatment of persons with disabilities, coupled with a recognition that all individuals can participate at some level in the activities of daily life in community settings. With increased emphasis on creative and flexible client services in the community, the need for institutional based services will continue to decline. The definition of the state's "safety net" for vulnerable populations is evolving. More and more this "safety net" function emphasizes outreach, training for community providers, and crisis intervention in the community instead of the historic practice of removing the client from their home or community and placing them in RTC campus based programs.

Mental Illness (MI)

Mental Illness programs are currently operated at Anoka, Brainerd, Fergus Falls, St. Peter, and Willmar RTCs, as well as several community-based services in Duluth and Eveleth. During the spring and summer months of 2006, SOS will open 9 new 16-bed state-operated, community-based behavioral health hospitals across the state. These units will be located in Bemidji, Wadena, the Baxter/Brainerd area, Alexandria, Fergus Falls, Annandale, St. Peter, Rochester, and the St. Cloud/Sartell area.

The RTC adult MI average daily population was 385 in November 2005. Since 1984, RTC annual admissions and discharges have increased dramatically, but average daily population has slowly declined due to significant reductions in the average length of stay. In the past patients often spent a year or more in treatment; however, today the average length of stay at an RTC is less than 60 days. This decline is directly attributable to the development of new psychotropic medications that have been successful in controlling the symptoms of MI and expanded community-based services.

In 1995, the department began establishing creative partnerships between the RTCs and the local mental health authorities in the regions served by the RTC. The purpose behind this effort was to build upon and strengthen the existing community mental health system and utilize state staff and resources to support patients after they are discharged from the hospital in order to help clients handle crises in the community and avoid reentering the hospital. Implementation of these efforts continues and is considered a valuable part of the transition of state-operated adult mental health services to community-based operations.

Governor Pawlenty's 2006-07 budget proposal built on these types of reforms by fostering a broad array of community-based mental health services. This budget proposal began to address concerns that 20% to 30% of people in inpatient psychiatric settings and 30% of those in residential treatment facilities could be better served in alternative settings. It also explores the need for a range of permanent housing options for people who have a mental illness.

Forensic Programs

Minnesota Security Hospital (MSH)

Located on the St. Peter campus, the MSH provides 250 secure treatment and evaluation beds, is JCAHO (Joint Commission on Accreditation of Healthcare Organizations) accredited and provides competency and criminal responsibility assessments. The program serves mentally ill and dangerous patients (MI&D) and provides rehabilitation in a secure environment. MSH admits emergency transfers from other state operated sites and also operates a treatment to competency program.

Transition Services

The transition program is also located on the St. Peter campus. It currently has a capacity of 58 non-secure beds. This program is JCAHO accredited and operates under DHS Rule 36 licensure as a supervised living facility. The transition program serves MI&D patients who have completed the Minnesota Security Hospital program and are ready for a less secure environment. The program focuses on psychosocial rehabilitation, skill enhancement, and community skills development, and collaborates with community resources for patients' successful transition and community reintegration.

Community Preparation Services

Specialized inpatient and outpatient services operated outside a secure environment but administered by a secure treatment facility on the St. Peter campus. The program utilizes a portable continuum of monitoring for patients who qualify for campus liberty or a reduction in custody. The goal is to allow patients to progress in their treatment with increased liberty while best assuring public safety.

Minnesota Sex Offender Program (MSOP)

The MSOP provides services to patients committed as sexual psychopathic personalities (SPP) or sexually dangerous persons (SDP). It operates as one program on two campuses, St. Peter and Moose Lake. The MSOP program provides evaluation and treatment programs in secure facilities.

Special Needs Service

This specialized program operates 60 secure beds on the St. Peter campus. It serves low-functioning, cognitively impaired individuals with sexually dangerous behavior and utilizes a psychosocial rehabilitation model emphasizing relapse prevention.

Minnesota Extended Treatment Options (METO)

The METO program has a capacity of 48 beds for individuals with developmental disabilities who present a public safety risk and/or who have involvement with the criminal justice system. METO is located on the old regional treatment center in Cambridge.

MSOP Capacity Issues

Over the last several years the Department of Human Services has been required to revise plans for developing new secure capacity for the MSOP several times. These change in plans have been implemented to address the escalating increase in "annual net growth" to the forensic programs.

In the fall of 2000 net growth of the MSOP was projected to range between 18 and 24 patients per year. By 2002, the projected net growth for SPP/SDP commitments was actually reduced to a rate of 15 to 18 per year, and it appeared that the Department's 2000 capital plan for MSOP expansion would provide adequate bed capacity through 2006.

In the late fall of 2003, the Department of Corrections (DOC) changed its policies associated with the referral to civil commitment of level-three sex offenders upon completion of their sentences. This new approach for referral by DOC was initially projected to increase civil commitments to the Department's MSOP to 36 per year, which would require the program to open a new 25-bed unit every eight months.

This dramatic increase to the forensic population necessitated the Department revise its earlier plans for developing/maintaining adequate capacity for the forensic division's programs, and the 2004 Six-Year Plan included funds to design and construct new bed capacity for the MSOP at the St. Peter campus.

The revised 2004-05 plan for maintaining capacity in the sex offender treatment program was to implement the construction of new facilities before the remodeling in Shantz Hall, and to use Shantz to maintain the needed bed capacity until the new facilities were completed in 2008. The construction of the new facilities was hoped to provide adequate time to complete the Shantz remodeling project before the new beds are filled. Completion of the 2004-05 revised plan for the St. Peter campus would have provided a total program bed capacity of 550 beds, which at that time, was anticipated to meet program space requirements until March 2013.

In late spring 2005, it became apparent that the earlier projections for MSOP growth were being greatly exceeded. By mid June, the annual net growth to the MSOP had escalated to a projected 80 sex offenders per year. The new projections indicate that the MSOP population will reach the 550 level by January 2008.

This unprecedented growth has once again necessitated the Department to make major revisions to its Capital Budget Six-Year Plan to ensure that adequate bed capacity is maintained to accommodate the continuing increase in annual referrals/commitments to the Department's MSOP and MSH programs.

Change in Plans for Developing Additional Capacity

The DHS 2006 Capital Budget Plan still requests funds to construct new MSOP facilities; however, a review of DHS' *2006 Project Funding Summary* illustrates that DHS has modified its request for 2006 by locating the new facilities on the Moose Lake MSOP campus. It also includes additional projects focused on addressing the bed capacity and program space needs for the expanding forensic populations. These additional proposals include funding requests to: design further expansion for the sex offender program on the Moose Lake campus in 2006 and to implement construction of this additional program capacity in 2008; implement system-wide security upgrades and improvements on the Department's campuses; and, design

and construct a program building on the St. Peter campus to address programming demands associated with the increasing MI&D population served by the MSH.

This revised six-year plan is designed to address the program capacity problem that the MSOP is experiencing. This future work will focus on the continued development of additional capacity for the MSOP and upgrading/improving existing space on the lower campus of the St. Peter RTC for utilization of the various programs operated by the MSH.

Immediate Needs for Additional Bed Capacity

To address the immediate capacity problem for MSOP beds, DHS and DOC are implementing a plan to utilize several buildings on the existing Minnesota Correctional Facility (MCF) – Moose Lake as temporary facilities for the MSOP. This plan provides a short term solution for addressing the serious bed capacity problem that the MSOP program faces until the proposed new facilities for the program are completed and ready for occupancy. It also expands program capacity (staffing) for the MSOP at a site that is adjacent to the department's primary MSOP facility (*Please note that the option to use MCF beds at Moose Lake is only possible because of the recent slow-down in DOC's inmate population expansion. These beds will not be available for the long term.*)

The initial problem associated with the plan to use temporary beds at MCF – Moose Lake was the idea of developing a large number of new staff in an area different from our 2005 sex offender program facilities development plan (constructing new MSOP facilities on the St. Peter campus). The costs and problems associated with hiring and training new staff for the temporary facilities at the MCF – Moose Lake, and then asking these staff to relocate to St. Peter to work in the new facilities appeared to be unmanageable. It therefore became evident that because of the significant increase in annual admissions the Department was experiencing, the 2005 plan to construct the first phase of the MSOP expansion at St. Peter would have to be modified, and the expansion of new facilities for MSOP would need to be redirected to Moose Lake.

This revised plan will: allow the Department to develop the necessary temporary beds on the MCF – Moose Lake campus; construct the new MSOP facilities in the community within which the new staff resources will be

developed; facilitate an easy transition from the temporary facilities to the new facilities without incurring significant costs for such line items as staff relocation, and without causing disruption to the families of the approximately 300 staff that will be hired for the temporary facilities being developed at MCF – Moose Lake.

In addition, the Department conducted a preliminary analysis of potential building and operations models for MSOP residential facilities. It has been determined that utilizing the residential K building model that has been established by the DOC, with some modifications particular to DHS licensing requirements, will allow DHS to construct more secure space for less dollars. This new residential model (referred to as the modified K model) will provide enhanced security features while reducing operational costs associated with the security staff levels currently used for the existing 25-bed model.

The modified K model will also yield significantly more beds within the costs proposed for the originally 150 bed facility proposed in 2005. The cost of the 150 bed proposal was projected on utilization of the Moose Lake 25-bed residential model. The preliminary estimate on operational efficiency for the five-wing model proposal indicates that there will be substantial savings in salaries when compared with the use of the 25-bed model currently utilized by the MSOP.

Developmental Disabilities (DD)

In 1960, the RTCs provided residential care for 6,008 individuals with mental retardation and other developmental disabilities. By the end of FY 1997, this number had declined to 244. In June 2000, DHS completed the transition to community placements for the remaining population. This downsizing of campus-based DD programs has been accomplished in part through the development of state operated day training and habilitative (DT&H) programs and waiver services in community settings. "Safety net" services for persons with DD have been redefined to include community support service teams throughout Minnesota and the small METO program facility located on part of the old Cambridge RTC campus.

The METO program has a capacity of 48 beds for individuals who present a public safety risk and/or who have involvement with the criminal justice system. Construction of the first 36 beds was completed in the spring of

1998. Construction of 12 additional beds was completed in the fall of 2001. SOS has no plans to expand the program facilities at this time. However, the design of the METO residential units will allow for incremental bed development in modules of 6 or 12 should additional capacity be required in the future.

Chemical Dependency (CD)

Since January 1988, the RTC CD programs have operated as an enterprise operation and competed in the marketplace with other vendors for CD funding from the Consolidated Chemical Dependency Treatment Fund (CCDTF) and other third party sources. The average daily population as of August 2003 was 224. The state operated CD system has captured a defined market niche and the operations remain stable.

Nursing Homes (NH) / Long Term Care (LTC)

DHS involvement as a provider of NH services is currently limited to the Ah-Gwah-Ching Center (AGCC) near Walker. As the AGCC program continues its transition to community-based services, the facility's average daily population has steadily declined. In November 2005, the population of AGCC was down to 55. In January 2006, it is anticipated that AGCC will complete the transition of its non-forensic patients to community-based services. This will include the transfer of patients to community nursing homes, and as authorized by the 2005 Legislature, the transition of up to 20 patient to foster care homes in the Walker area.

The 2005 Legislature also authorized the development of a forensic skilled nursing home on the St. Peter campus. Planning for this facility began in the fall of 2005 with substantial completion scheduled for the summer/fall of 2007. Upon completion of this new secure forensic facility, the forensic nursing home patients at AGCC will be transferred to the secure nursing facility at St. Peter and the AGCC nursing home program will be closed.

Other Forces Impacting Capital Planning

As community-based services for mental health continue to develop, more buildings will become unoccupied on the RTC campuses. As the resident tenant of state property, the responsibility to maintain vacant and unused buildings and grounds falls to the RTC system. The costs of these maintenance efforts are consuming a greater proportion of the funding allocated to the state operated system. Accordingly, DHS, in collaboration

with the Department of Administration, is taking steps to sell or demolish the surplus property and buildings.

Comprehensive Redevelopment Plans (Master Plans)

The 2003 Legislature authorized DHS to collaborate with local government entities to complete a comprehensive redevelopment plan (master plan) for the future use of the RTC campuses (grounds and vacant buildings) vacated as a result of further expansion of community-based care (Laws 2003, 1st Special Session, Chapter 14, Section 64, Subd. 2). The Department, in collaboration with the Department of Administration, and local units of government completed this process for Ah-Gwah-Ching, Fergus Falls, and Willmar in 2004.

DHS and Administration intend to complete the comprehensive master planning process for the Brainerd campus during the next 12 months. The Brainerd campus master planning will be coordinated by Crow Wing County. This time period coincides with the development of enhanced mental health services in the community, which will result in a significant decrease in total space utilization on the Brainerd campus.

The master plan process, done in collaboration with local units of government, is intended to generate viable reuse or redevelopment strategies for the old campus properties and buildings. To implement these master plans the Department anticipates the need for funds for infrastructure modification, building modifications, and demolition of structures that are determined to be non-functional for future utilization.

The 2005 Legislature appropriated approximately \$8.9 million for the first phase of this request: \$4 million for the Ah-Gwah-Ching campus; \$1.9 million for the Willmar campus; and approximately \$3 million for the Fergus Falls campus.

At the time this narrative was developed (fall 2005) final details for the transfer/sale of the Willmar campus were being worked out between the State, Kandiyohi County, and a private company from the Willmar area. The Department of Administration was also working closely with Cass County and the City of Fergus Falls for the respective campuses, with expectations that final disposition plans could be approved and ready for implementation by the summer of 2006.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

Over the last 25 years facilities have been constructed an/or remodeled for the MSH at St. Peter, the Anoka-Metro RTC, the METO program at Cambridge, and the MSOP at Moose Lake and St. Peter. With the exception of upgrading existing and the development of adequate new secure capacity to address the continuing growth of the sex offender population, projected improvements for these campuses over the next six years will focus on: replacing and upgrading antiquated and worn infrastructure with requests for asset preservation; improvements (including demolition) associated with the effective and efficient operation of the RTC system; and, the redevelopment/reuse of the surplus RTC campuses.

Long-Range Strategic Goals and Objectives of State Operated Services

Historically, one of the primary roles of SOS in the mental health system has been to provide inpatient care to persons with SPMI. This also happens to be one of the most expensive services in the mental health system, and to the extent that there is overcapacity in those programs, resources are not available for other important community mental health programs.

Another primary role of SOS, as required by various laws (M.S. 246B.02, 253B.18, and 253B.185), is to accept individuals who are committed by the court system as MI&D, SDP, or SPP into the Forensic Service Treatment programs located at St. Peter and Moose Lake at anytime.

The Department's first strategic objective is shift to an array of community-based MH services that provide appropriate levels of care closer to each patient's home. This strategy will provide better care to patients, increase federal participation in funding of care, and reduce use of less effective, more expensive RTC based services.

The second strategic objective focuses on the need to ensure that the state maintain an adequate bed capacity required to serve the increased number of persons being committed to the state's forensics programs. As previously mentioned, the projected increase in commitments to the sex offender treatment program will place significant demands on the system.

The third strategic objective focuses on the reduction/elimination of the large amount of non-functional, surplus space throughout the RTC system. In the

spring of 2001, DHS initiated a program to address this issue with the objective to convert surplus property to other ownership. In addition, funds were requested and appropriated during the 2002 legislative session to start the process of demolishing buildings that are determined to be non-functional and/or are considered to have exceeded their useful, designed life.

In 2005 SOS, in partnership with local communities, completed comprehensive redevelopment/reuse plans for the AGCC, FFRTC and WRTC campuses. In the fall of 2005 SOS and the Department of Administration, in conjunction with Crow Wing County and the City of Brainerd, began the process of developing a comprehensive redevelopment plan for the Brainerd Regional Human Services Center.

The 2005 Legislature authorized the disposition of the Ah-Gwah-Ching, Fergus Falls and Willmar campuses. In addition the 2005 Legislature appropriated funds for improvements to facilitate the redevelopment/disposition of these three campuses, including funds for demolition of deteriorated, unsafe, non-functional buildings.

The fourth strategic objective relates to asset preservation. This objective centers on the need to address critical repair, replacement, and renewal needs specific to the physical plants of RTCs. Extensive assessments of the facilities include the following: safety hazards, code compliance issues, and mechanical and structural deficiencies; major mechanical and electrical utility system repairs/replacements/improvements; abatement of asbestos containing materials; roof work and tuck pointing; and other building envelope work such as window replacement, elevator repairs/upgrades, and road and parking lot maintenance. Asset preservation projects included in this capital plan are consistent with the anticipated needs of the evolving state operated mental health service system.

Agency Process Used to Arrive at These Capital Requests

Each SOS program develops a well-defined, long-range operational program for its facility. These operational programs are updated biennially with the intent to outline and describe services to be provided, methods of delivering these services, and resources required for providing these services in the future. These operational programs must demonstrate a strategic link to the agency's system-wide strategic plan. Upon review and approval of each facility's operational strategic plan, the facilities initiate long-range capital

planning. This process includes:

- ◆ a comprehensive facilities analysis and planning program;
- ◆ identification of viable alternatives for meeting future physical plant needs;
- ◆ identification of any surveys or studies (predesign) that may be required to assess viable alternatives;
- ◆ a long range space utilization plan; and
- ◆ a preliminary campus master plan.

After completion of this work each facility revises their long-range (six-year) physical plant project budgets. These six-year plans should outline all capital projects proposed for the facility and also identify all known physical plant deficiencies, scheduled maintenance, or proposed/required improvements. Each project is evaluated and listed in the appropriate budget category (R&R, R/R Special Projects, Asset Preservation, Capital Asset Preservation and Repair Account (CAPRA), or Capital). This information is then used to:

- ◆ establish potential costs associated with improving specific buildings or groups of buildings;
- ◆ determine the appropriateness of related or proposed expenditures;
- ◆ assess alternatives for meeting an individual facility's operational program; and
- ◆ develop recommendations for the agency's senior staff to review and consider for inclusion in the agency's Six-Year Capital Budget Plan.

The following six-year plan outlines an incremental plan for improving and upgrading the physical plant resources required to support future operational programs at the SOS facilities in accordance with the strategic goals and objectives outlined in preceding sections of this Strategic Planning Summary document.

Major Capital Projects Authorized in 2002, 2003 and 2005 (\$000's)**Laws of Minnesota, 2002, Chapter 393,****Section 22** **\$ 16,533**

| | | |
|------------------|--|----------|
| State-Wide | Roof Renovation and Repair | \$ 2,789 |
| State-Wide | Asset Preservation | \$ 4,000 |
| State-Wide | Demolition | \$ 2,750 |
| Fergus Falls RTC | Facilitate relocation of programs from The Kirkbride Building | \$ 3,000 |
| St. Peter RTC | Convert Steam System to Low Pressure | \$ 3,619 |

Laws of Minnesota, 2005 Chapter 20**Section 20** **\$ 26,073**

| | |
|---|-----------|
| Forensic Programs - Design New Facilities | \$ 3,259 |
| System-wide Redevelopment, Reuse & Demolition | \$ 17,600 |
| Forensic Nursing Home (St. Peter) | \$ 8,600 |
| AGC Site Develop/Prep/Demo | \$ 4,000 |
| WRTC Meth Renovation/Demo | \$ 1,000 |
| Fergus Falls Incinerator Debt Retirement | \$ 2,210 |
| Fergus Falls Incinerator Demolition | \$ 400 |
| Grant Conditions Incinerator | N/A |
| WRTC Demo, Predesign, Remodel, etc. | \$ 900 |
| System-Wide Roof Renovation/Replacement | \$ 1,014 |
| System-Wide Asset Preservation | \$ 3,000 |
| Grave Markers at RTCs | \$ 300 |
| Amendment to 2002 Capital Approp. for FFRTC | \$ 3,000 |

MSOP Expansion - Phase One

2006 STATE APPROPRIATION REQUEST: \$44,580,000

AGENCY PROJECT PRIORITY: 1 of 7

PROJECT LOCATION: Minnesota Sex Offender Program - Moose Lake

Project At A Glance

- ◆ Design, construct, furnish, and equip additional residential, program and ancillary service capacity for the Moose Lake Sex Offender Treatment Program facilities;
- ◆ Provide needed secure bed capacity to address the escalating rate of referrals/commitments to the Forensic programs; and
- ◆ Implement construction of the first phase of a multiple phase facility expansion at Moose Lake.

Project Description

This is the first phase of a two phase project to expand program capacity for the Minnesota Sex Offender Program (MSOP) outlined in the Department's 2006 – 2011 Capital Budget Plan.

The first phase of the project is for funding to construct, furnish, and equip additional residential, program, and ancillary service facilities for the MSOP at the Moose Lake program site. Design funds for expanding capacity for the sex offender treatment program were approved by the legislature during the 2005 Session.

With this request, the Department plans to develop sufficient new secure treatment space to accommodate 400 additional new patients at the MSOP facility in Moose Lake. The new facilities will have a total of approximately 159,000 gross square feet. With approximately 103,000 square feet (SF). for housing units, 31,666 sq. ft. for new program space, and 24,761 SF. of additional general support space.

The estimated construction cost of the proposed "modified K building" is \$20.1 million, and the estimated construction cost for the proposed program and general support spaces totals approximately \$9.33 million. Design fees, infrastructure/roads/utilities, artwork, site/grading, furniture, fixtures, and equipment (FF&E), security/telecom, project management, project contingency and inflation costs total \$15,180.

The scope of this request (phase one) includes construction of secure residential facilities (bedrooms, toileting and bathing, dining and day space areas); program space (treatment, work activity, group rooms, recreation, visitation, medial treatment, etc.); and ancillary space (mechanical and electrical, power plant, storage space, controls centers, program administration, etc.) In addition, this project will also require exterior/interior security systems (including fencing, electronic surveillance, and man-down systems), re-configuration of some roadways and parking areas, and changes to basic utility infrastructure. Funds will also be used to purchase furnishings, fixtures, equipment, and specialized telecommunications equipment/systems.

Changes in Population Growth

The growth of the forensics program at State Operated Services' (SOS) has been of concern for some time now. Traditionally, growth of the forensic program population was stable and predictable. In 2003, the Department of Corrections (DOC) changed their referral policy for individuals released from prison, increasing the number of individuals referred for civil commitment to SOS.

Until 2003, the MSOP and the mentally ill and dangerous (MI&D) populations grew fairly consistently. The MSOP population grew by approximately 18 per year while the MI&D population grew by approximately five per year, a total of 23. After the policy change, the department estimated that growth would increase to 36 per year in the MSOP.

The Department witnessed a significant increase in admissions beginning in 2004 and continuing in 2005, but believed that was a one-time occurrence in response to the new referral policy. As time has progressed, additional data on MI&D and MSOP admissions demonstrated that the increase was not an isolated occurrence and earlier projections significantly underestimated

MSOP Expansion - Phase One

population growth. Based on this additional data for actual referrals, the department is now projecting population growth at 100 per year, 80 in the MSOP and 20 in MI&D.

Because of this unprecedented growth, the agency has had to alter its six year plan to increase capacity for both the MI&D and MSOP populations. In order to accommodate this growth, SOS has little choice but to request resources for additional capacity.

Utilizing the residential K building model that has been established by the DOC, with some modifications particular to the Department of Human Services (DHS) licensing requirements, allows DHS to construct significantly more beds within the costs proposed for the original 150 bed facility proposed in 2005.

The modified K model will also reduce future operational costs for the MSOP program. This will be accomplished because the use of much larger residential units (from the current 25-bed MSOP unit design currently used in the existing MSOP facilities) will reduce the number of security staff required to operate the much larger units of the new facilities.

Further analysis indicated that it would be in the best interest of the program to consolidate MSOP on one campus. Doing so will: eliminate the need to transfer high risk patients back and forth between two campuses; allow the department to develop the same level of security for all of MSOP facilities; focus program expertise at one facility; enable the MSOP program to incorporate the new more cost effective (operationally) residential building design for all of the program except for the existing six 25-bed units at Moose Lake which will be utilized as high control units (for high risk, difficult to manage, non-cooperative patients) after the completion of the proposed two phases of expansion.

Consolidating the MSOP to one campus will also allow Minnesota Security Hospital to utilize the facilities that have been developed for MSOP on the St. Peter campus to facilitate the need for additional programs to address the growth in population of the MI&D patients it is experiencing.

Background

In late spring 2005 it became apparent that earlier projections the forensics program significantly underestimated growth in commitments. This unprecedented growth has caused a very serious capacity problem for the forensic programs. At the current rate of admissions, all of the department's "secure" capacity that is appropriate for housing sex offenders will be occupied by April 2006.

In order for the Department be able to house individuals committed to the forensics program, it is necessary to find temporary space for these individuals until the necessary capital improvements can be made. To address this capacity problem, DHS and DOC are implementing a plan to utilize space at the Minnesota Correctional Facility – Moose Lake as temporary facilities for the MSOP. Because the program will already be operating at the temporary site, staff and resources can then be easily transferred to DHS's new facility once it is completed.

(Please note that the option to use space at DOC's Moose Lake facility is temporary and is due to the recent slowdown in DOC's population growth. These beds will not be available long term)

Impact on Agency Operating Budgets (Facilities Notes)

The increasing sex offender population will impact the agency's operating budget. Please refer to the project detail page for this project to review the change in operating costs.

Previous Appropriations for this Project

The legislature appropriated funds to construct the original 100-bed facility in 1994. Funds for the first 50-bed addition were appropriated in 1998. In 2005 the legislature appropriated \$3.259 million for design for new forensic facilities. However, because this appropriation was specified in law for the St. Peter campus—and therefore cannot be used—the design money is being re-requested here for the Moose Lake project.

MSOP Expansion - Phase One**Other Considerations**

The Department's six-year plan outlines SOS plan to request design funds in 2006 for an additional facility expansion at Moose Lake, and funding for construction and FF&E for this expansion in 2008.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$44.580 million for this project.

Human Services, Department of
MSOP Expansion - Phase One

Project Detail
(\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 2,815 | 0 | 0 | 2,815 |
| 4. Project Management | 0 | 235 | 0 | 0 | 235 |
| 5. Construction Costs | 0 | 35,197 | 0 | 0 | 35,197 |
| 6. One Percent for Art | 0 | 100 | 0 | 0 | 100 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 2,107 | 0 | 0 | 2,107 |
| 9. Inflation | 0 | 4,126 | 0 | 0 | 4,126 |
| TOTAL | 0 | 44,580 | 0 | 0 | 44,580 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 44,580 | 0 | 0 | 44,580 |
| State Funds Subtotal | 0 | 44,580 | 0 | 0 | 44,580 |
| 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 | 0 | 44,580 | 0 | 0 | 44,580 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|---------------|
| | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 15,985 | 63,940 | 79,925 |
| Other Program Related Expenses | 0 | 286 | 1,142 | 1,428 |
| Building Operating Expenses | 0 | 382 | 1,528 | 1,910 |
| Building Repair and Replacement Expenses | 0 | 100 | 400 | 500 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 16,753 | 67,010 | 83,763 |
| Revenue Offsets | 0 | <1,675> | <6,701> | <8,376> |
| TOTAL | 0 | 15,078 | 60,309 | 75,387 |
| 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 | 44,580 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| Yes | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| Yes | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| No | MS 16A.642: Project Cancellation in 2011 |

MSOP Expansion - Design Phase Two

2006 STATE APPROPRIATION REQUEST: \$3,200,000

AGENCY PROJECT PRIORITY: 2 of 7

PROJECT LOCATION: Minnesota Sex Offender Program - Moose Lake

Project At A Glance

- ◆ Design funding for the second phase of the bed expansion to provide additional secure facilities for the Moose Lake Sex Offender Treatment Program facilities; and
- ◆ Funds for construction, furnishing, fixtures, and equipment will be requested in the 2008 legislative session.

Project Description

This project requests funds to design and develop construction documents for phase two of the proposed facility expansion for the Minnesota Sex Offender Program (MSOP) at Moose Lake. Funds to construct phase one of the expansion are requested in the Department's number one priority request for the 2006 Capital budget.

The scope of construction for the Moose Lake phase two expansion is very similar to the request for phase one. The Department envisions it will request the additional funding to complete the project in 2008. This request will include but not be limited to: secure residential facilities (bedrooms, toileting and bathing, dining and day space); expansion of program areas (treatment, work activity, group rooms, outdoor recreation, visitation, medical treatment, etc.); and ancillary space (mechanical and electrical, storage space, control centers, program administration, etc.). In addition, this project will also require expansion of exterior security systems (including fencing and electronic surveillance systems), and some changes/modification to the facility's basic utility infrastructure.

The second phase of expansion proposed for the Moose Lake campus is needed to ensure that adequate bed capacity is maintained to manage the

current trend level of court ordered commitments that the Department projects will continue until such time as longer sentencing guidelines for sex offenses mandated by statutes in 2005 actually begin to impact the annual number of referrals to the MSOP program.

Background

In late spring 2005 it became apparent that earlier projections the forensics program significantly underestimated growth in commitments. This unprecedented growth has caused a very serious capacity problem for the forensic programs. At the current rate of admissions, all of the Department's "secure" capacity that is appropriate for housing sex offenders will be occupied by April 2006.

In order for the Department be able to house individuals committed to the forensics program, it is necessary to find temporary space for these individuals until the necessary capital improvements can be made. To address this capacity problem Department of Human Services (DHS) and Department of Corrections (DOC) are implementing a plan to utilize space at the Minnesota Correctional Facility – Moose Lake as temporary facilities for the MSOP. Because the program will already be operating at the temporary site, staff and resources can then be easily transferred to DHS's new facility once it is completed.

(Please not that the option to use space at DOC's Moose Lake facility is temporary and is due to the recent slowdown in DOC's population growth. These beds will not be available long term)

Change in Plans for Developing Additional Capacity

The growth of the forensics program at State Operated Services' (SOS) has been of concern for some time now. Traditionally, growth of the forensic program population was stable and predictable. In 2003, the DOC changed their referral policy for individuals released from prison, increasing the number of individuals referred for civil commitment to SOS.

Until 2003, growth in the MSOP and the mentally ill and dangerous (MI&D) populations was fairly consistent. The MSOP population grew by approximately 18 per year while the MI&D population grew by approximately

MSOP Expansion - Design Phase Two

five per year, a total of 23 per year. After the policy change, the Department estimated that growth would increase to 36 per year in the MSOP.

The Department witnessed a significant increase in admissions beginning in 2004 and continuing in 2005, but believed that was a one-time occurrence in response to the new referral policy. As time has progressed, additional data on MI&D and MSOP admissions demonstrates that the increase was not an isolated occurrence and earlier projections significantly underestimated population growth. Based on this additional data for actual referrals, the department is now projecting population growth at 100 per year, 80 in the MSOP and 20 in MI&D.

Because of this unprecedented growth, the agency has had to alter its six-year plan to increase capacity for both the MI&D and MSOP populations. In order to accommodate this growth, SOS has little choice but to request resources for additional capacity.

Impact on Agency Operating Budgets (Facilities Notes)

The increasing sex offender population will impact the agency's operating budget. Please refer to the project detail page for this project to review the change in operating costs.

Previous Appropriations for this Project

The legislature appropriated funds to construct the original 100-bed facility in 1994. Funds for the first 50-bed addition were appropriated in 1998. In 2005 the legislature appropriated \$3.259 million for design for new forensic facilities.

Other Considerations

The Department's six-year plan outlines SOS's plan to request construction and furniture, fixtures, and equipment (FF&E) funds for the first phase of expansion for MSOP facilities at Moose Lake in 2006. It also indicates the Department's intention to request funds for construction and FF&E for phase two in 2008. Completion of both phase one and phase two will provide a total MSOP capacity at Moose Lake of approximately 950 licensed beds.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$3.2 million for the project. Also included are budget planning estimates of \$47.5 million in 2008.

Human Services, Department of
MSOP Expansion - Design Phase Two

Project Detail
 (\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|---|-------------|--------------|---------------|------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 2,749 | 0 | 0 | 2,749 |
| 4. Project Management | 0 | 0 | 217 | 0 | 217 |
| 5. Construction Costs | 0 | 0 | 37,936 | 0 | 37,936 |
| 6. One Percent for Art | 0 | 0 | 100 | 0 | 100 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 2,450 | 0 | 2,450 |
| 9. Inflation | 0 | 451 | 6,797 | 0 | 7,248 |
| TOTAL | 0 | 3,200 | 47,500 | 0 | 50,700 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--------------------------------|-------------|--------------|---------------|------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 3,200 | 47,500 | 0 | 50,700 |
| State Funds Subtotal | 0 | 3,200 | 47,500 | 0 | 50,700 |
| 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 | 0 | 3,200 | 47,500 | 0 | 50,700 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|------------|---------------|---------------|
| | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 15,985 | 15,985 |
| Other Program Related Expenses | 0 | 0 | 286 | 286 |
| Building Operating Expenses | 0 | 0 | 382 | 382 |
| Building Repair and Replacement Expenses | 0 | 0 | 100 | 100 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 16,753 | 16,753 |
| Revenue Offsets | 0 | 0 | <1,675> | <1,675> |
| TOTAL | 0 | 0 | 15,078 | 15,078 |
| 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 (by Legislature) |
| Yes | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by-granting agency) |
| No | Matching Funds Required (as per agency request) |
| No | MS 16A.642: Project Cancellation in 2011 |

2006 STATE APPROPRIATION REQUEST: \$7,000,000

AGENCY PROJECT PRIORITY: 3 of 7

PROJECT LOCATION: Fergus Falls

Project At A Glance

- ◆ Upgrade building/facility components to facilitate redevelopment/reuse of surplus properties at the Ah-Gwah-Ching Center, Brainerd Regional Human Services Center and Fergus Falls Regional Treatment Center;
- ◆ Demolish old, non-functional buildings and infrastructure considered non-functional for redevelopment/reuse or determined too expensive to redevelop for an alternative reuse; and
- ◆ Address other issues associated with disposition of three surplus regional treatment center (RTC) campuses.

Project Description

This capital budget request is for funds necessary for the disposition (sale/transfer of ownership) of the Department of Human Services' (DHS's) surplus RTC campuses. This request focuses on several key objectives:

- ⇒ To repair, replace and/or improve key building components and basic infrastructure necessary to support initiatives to redevelop/reuse surplus RTC properties, especially buildings listed on the National Register of Historic Sites.
- ⇒ To demolish buildings and campus infrastructures that are considered non-functional for current or future use by state programs, or those that are determined non-functional as part of the final disposition plan is approved/implemented in conjunction with master planning efforts for these three RTC campuses.
- ⇒ To address other issues that may surface as the disposition of these surplus campuses proceeds.

Funds will be used for: professional design and engineering services; implementation of improvements of basic utility systems (heating, water supply, sewage lines, electrical distribution, life safety systems, etc.); structural integrity and building envelope issues (tuckpointing, building foundation restoration, windows, doors, and roofing issues); addressing building code and other regulatory issues associated with change of occupancy/reuse; and other physical plant issues that are further defined as the disposition plans for these surplus RTC campuses are finalized.

Funds will also be used for professional design and project management services and implementation of hazardous materials abatement, demolition of buildings, and disposal of materials in accordance with federal law, Minnesota statutes, and local governmental rules and regulations. In addition, funds will be utilized for site restoration, the demolition/capping/sealing of utility tunnels and buildings services leading to buildings/structures to be demolished, and other infrastructural issues associated with the disposition of buildings on these campuses, including demolition of sidewalks, roads, and parking lots.

Background Information

The 2003 Legislature authorized DHS to collaborate with local government entities to complete a comprehensive redevelopment plan (master plan) for the future use of the RTC campuses (grounds and vacant buildings) vacated as a result of further expansion of community-based care (Laws 2003, 1st Special Session, Chapter 14, Section 64, Subd. 2). The Department, in collaboration with the Department of Administration and local units of government, completed this process for Ah-Gwah-Ching, Fergus Falls, and Willmar in 2004.

The Brainerd campus master planning will be coordinated by Crow Wing County, and should be completed during the next twelve months. This time period coincides with the development of enhanced mental health services in the community, which will result in a significant decrease in total space utilization on the Brainerd campus.

The master plan process, done in collaboration with local units of government, is intended to generate viable reuse/redevelopment strategies for the old campus properties and buildings. To implement these master

System-Wide Campus Redevelopment/Reuse/Demo

plans the Department anticipates the need for funds for infrastructure modification, building modifications, and demolition of structures that are determined to be non-functional for future utilization.

At the time this narrative was developed final details for the transfer/sale of the Willmar campus were being worked out between the state, Kandiyohi County, and a private company from the Willmar area. The Department of Administration was also working closely with Cass County and the city of Fergus Falls for the respective campuses, with expectations that the final disposition plans will be approved and ready for implementation in late spring or early summer 2006.

Impact on Agency Operating Budgets (Facilities Notes)

The impact on the agency's operating budget will be contingent on the level of services provided in the future, and the location and the type of facilities developed to provide these services. However, just reducing the costs associated with heating and maintaining the unused/oversized spaces in the numerous vacant buildings in the system will provide significant savings to the facility's program overhead costs.

For example, preservation of the Fergus Falls RTC buildings could prove to be very expensive for the state if an economically viable alternative reuse cannot be found. Preliminary estimates to provide minimal heat, basic building and grounds maintenance and security for this large campus indicate expenditures could exceed \$1 million a year after the existing treatment programs on the Fergus Falls RTC complete the transition to community-based operations.

Previous Appropriations for this Project

The 2005 legislature appropriated \$8.91 million for redevelopment, reuse, or demolition: \$4 million for the Ah-Gwah-Ching campus; \$1.9 million for the Willmar campus; and approximately \$3 million for the Fergus Falls campus.

In addition, the 2005 legislature re-authorized \$3 million appropriated in the 2002 Bonding Bill for the Fergus Falls RTC so it could be used for this purpose.

Other Considerations

The extensive surplus space on the RTC campuses, the age of the facilities, and the estimated cost for ongoing maintenance of the physical plants has created financial pressures that cannot be ignored. If viable reuse cannot be identified the Department's recommendation is to demolish these non-functional facilities and eliminate the associated operating expenses.

Funding of this proposal will enable the Department to work aggressively to convert surplus facilities (land and buildings) to other ownership and alternative uses. If an alternate use cannot be found, adequate funds will be available for demolition, and the need to expend state dollars to maintain these non-utilized, non-functional buildings in the future can be eliminated.

Funding of this request should also provide enough flexibility in the use of the funds to address other issues that may surface as the disposition of the surplus campuses proceeds.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$7 million for this project. Also included are budget planning estimates of \$4 million in 2008.

Human Services, Department of
System-Wide Campus Redevelopment/Reuse/Demo

Project Detail
(\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 577 | 307 | 0 | 884 |
| 4. Project Management | 0 | 116 | 65 | 0 | 181 |
| 5. Construction Costs | 0 | 5,825 | 3,100 | 0 | 8,925 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 482 | 528 | 0 | 1,010 |
| TOTAL | 0 | 7,000 | 4,000 | 0 | 11,000 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 7,000 | 4,000 | 0 | 11,000 |
| State Funds Subtotal | 0 | 7,000 | 4,000 | 0 | 11,000 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 7,000 | 4,000 | 0 | 11,000 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 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 | 7,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| Yes | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2011 |

St. Peter - Construct New Program Building

2006 STATE APPROPRIATION REQUEST: \$2,500,000

AGENCY PROJECT PRIORITY: 4 of 7

PROJECT LOCATION: St. Peter

Project At A Glance

- ◆ Design, construct, furnish and equip new program/activity space on the lower campus of the St. Peter Regional Treatment Center (RTC) for individuals committed to the forensic division of State Operated Services (SOS);
- ◆ Provide patient work/activity programming for patients served by the Minnesota Security Hospital (MSH) and/or the facility's transition program; and
- ◆ Meet required licensure and certification standards.

Project Description

This request is for funds to design, construct, and furnish, and equip a new program/activity building on the lower campus of the St. Peter RTC for the MSH programs located on the lower campus. The building will provide work and activity space for various work and programming activities, warehouse space for the industrial/work programs, loading dock, secure tool cribs, break areas, locker areas, etc. In addition, it will need to provide appropriate security elements for moving patients, staff, supplies, and completed products.

Background Information

In the spring/summer of 2006, the St. Peter adult mental health program will complete its transition to the community. Two 16-bed Community Behavioral Health Hospitals are currently under construction for the St. Peter RTC service area, one in St. Peter and one in Rochester. As part of the transition of the adult mental health program to the community, a 10-bed mental health crisis center was also opened in Mankato earlier this year.

At the completion of the facility's transition of the adult mental health program to community settings, the St. Peter campus will only serve forensic programs. In the past, the lower campus was primarily used for non-forensic purposes and there was much less need for work/industrial/activity space for patients served. Generally mentally ill (MI) patients spent far less time at the facility and work/industrial activity was not considered an integral part of treatment, at least not in the same manner as it is in the longer term forensic programs. Accordingly, work activities were very simple, did not require specialized spaces, and generally took place in any space that was available on the lower campus.

As forensic patients have moved into space previously used by the MI program, the limited space for work and activity programming has become a problem. The patients in Shantz use space in the basement for work activity; however, the location, size and configuration of this space significantly limit the type of work activity that can be undertaken. Patients in Pexton also use space in the basement. Other available space on the lower campus is set to house patients early in 2006, which severely limits the Department's ability to work around the lack programming space.

Parts of building #25 have been used for patient work program for a number of years. However, plans call for the use of this building to change to house patients starting in the spring of 2006. This will limit the type of work activities that can be engaged in this building, and reduce the amount of space available for industrial/work programs on the campus.

Approval of this request will provide the building resources needed by the facility's program staff to design and develop appropriate work/activity programs for individuals served on the campus which have progressed in their treatment to a level that enables them to travel on campus with limited or no escort with no risk to public safety. This type of programming is extremely important for these individuals in facilitating progression with treatment, and their community reintegration.

Funding of this request will also make possible the use other space to house residents in the Department's efforts to develop/maintain adequate bed capacity for the forensic programs.

St. Peter - Construct New Program Building**Impact on Agency Operating Budgets (Facilities Notes)**

This new building will increase the facility's annual fuel and utility budget by a small percentage. It will also cause a slight increase in the facility's annual maintenance budget.

Previous Appropriations for this Project

This is the first time funds have been requested for this project.

Other Considerations

This project allows the space currently utilized for programs/activities, in building #25, to be used to provide additional bed capacity in 2006. Adding new program/activity space and converting building #25 to residential usage is more cost effective than adding new, more expensive residential space.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$2.5 million for this project.

Human Services, Department of
St. Peter - Construct New Program Building

Project Detail
 (\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|--------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 148 | 0 | 0 | 148 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 0 | 1,995 | 0 | 0 | 1,995 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 185 | 0 | 0 | 185 |
| 9. Inflation | 0 | 172 | 0 | 0 | 172 |
| TOTAL | 0 | 2,500 | 0 | 0 | 2,500 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 2,500 | 0 | 0 | 2,500 |
| State Funds Subtotal | 0 | 2,500 | 0 | 0 | 2,500 |
| Agency Operating Budget Funds | 0 | 0 | 0 | 0 | 0 |
| Federal Funds | 0 | 0 | 0 | 0 | 0 |
| Local Government Funds | 0 | 0 | 0 | 0 | 0 |
| Private Funds | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 2,500 | 0 | 0 | 2,500 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 29 | 0 | 29 |
| Building Repair and Replacement Expenses | 0 | 10 | 0 | 10 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 39 | 0 | 39 |
| Revenue Offsets | 0 | <4> | 0 | <4> |
| TOTAL | 0 | 35 | 0 | 35 |
| 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 | 2,500 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| Yes | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| Yes | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2011 |

System-Wide - Campus Security/Safety Improvements

2006 STATE APPROPRIATION REQUEST: \$2,500,000

AGENCY PROJECT PRIORITY: 5 of 7

PROJECT LOCATION: St. Peter Regional Treatment Center

Project At A Glance

- ◆ Design and construct security/safety improvements/upgrades to State Operated Services' (SOS) campus-based facilities that provide secure programs;
- ◆ Implement recommendations provided by Department of Corrections (DOC) Inspections and Enforcement Unit's Audit Report; and
- ◆ Focus on physical plant upgrades/improvements that relate to both public safety and program integrity.

Project Description

This is a two-phase system-wide request for funds to design/construct/install security/safety physical plant improvements to SOS's campus-based program facilities which support secure programs. The request for 2006 represents phase one and will focus on the St. Peter Regional Treatment Center (RTC) campus. Phase two will be requested in the 2008 session and will address safety/security issues at Anoka Metro Regional Treatment Center, Minnesota Extended Treatment Options Program (Cambridge), Minnesota Sex Offender Program at Moose Lake, and the balance of projects proposed for the St. Peter RTC.

The scope of work to be completed with this request will focus on system-wide needs and will include, but not be limited to: upgrading/installing building and facility perimeter security systems/components (windows, control centers, security fencing, nuisance fences, electronic monitoring/surveillance systems, etc.); securing critical life safety/utility systems/equipment (emergency generators, gas meters/valves, electrical distribution system, etc.); improving building/facility entrances (vehicle sally-ports, building sally-ports, control stations, etc.); purchase of other

equipment necessary to upgrade security and safety, and to better control/monitor patient activity at SOS' campus-based facilities.

Funding of this request will enable Department of Human Services (DHS)/SOS to implement improvements/upgrades needed to address known security/safety issues for programs that support secure programs throughout the SOS system. These improvements will be designed to address issues of public safety, and to upgrade physical plant components that could pose a risk to the well-being of patients, staff, and the general public.

Background Information

In May 2005, at the request of DHS, the DOC Inspection and Enforcement Unit conducted a security audit on the Minnesota Sex Offender Program (MSOP) and the Minnesota Security Hospital (MSH) program facilities located on the St. Peter RTC campus.

The final report from the DOC audit found that there were specific security issues on the campus that required upgrades and new equipment. These changes recommended by DOC will be completed, as time and funding allows. Because of the DOC audit's findings, the department believed it prudent to conduct similar audits at all other program sites that require secure treatment environments.

Because many of the recommendations by the DOC audits exceed SOS's operating budget limitations and the nature of the work being performed is capital in nature, the Department is seeking capital funds to address the physical plant security/safety issues that pose a risk to patients, staff and the general public. This two-phase request will address security/safety issues at each of the facilities with secure programs.

Impact on Agency Operating Budgets (Facilities Notes)

Some of the recommended physical plant corrections will have a slight impact on operating budgets by increasing utility costs. Future preventive maintenance of these improvements should be able to be addressed with existing maintenance budgets for both personnel and supplies.

System-Wide - Campus Security/Safety Improvements**Previous Appropriations for this Project**

None, this is the first time DHS/SOS has requested capital funds specifically for security/safety improvements.

Other Considerations

The Department has implemented temporary measures to address the most immediate concerns for public safety. Approval of this request will fund the necessary permanent, long-term improvements, modifications, and upgrades.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$2.5 million for this project. Also included are budget planning estimates of \$2.5 million in 2008.

Human Services, Department of
System-Wide - Campus Security/Safety Improvements

Project Detail
(\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|--------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 210 | 200 | 0 | 410 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 0 | 2,105 | 1,970 | 0 | 4,075 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 185 | 330 | 0 | 515 |
| TOTAL | 0 | 2,500 | 2,500 | 0 | 5,000 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 2,500 | 2,500 | 0 | 5,000 |
| State Funds Subtotal | 0 | 2,500 | 2,500 | 0 | 5,000 |
| 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 | 2,500 | 2,500 | 0 | 5,000 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 35 | 0 | 35 |
| Building Repair and Replacement Expenses | 0 | 17 | 0 | 17 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 52 | 0 | 52 |
| Revenue Offsets | 0 | <5> | 0 | <5> |
| TOTAL | 0 | 47 | 0 | 47 |
| 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 | 2,500 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| No | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2011 |

2006 STATE APPROPRIATION REQUEST: \$1,500,000

AGENCY PROJECT PRIORITY: 6 of 7

PROJECT LOCATION: Anoka Metro Regional Treatment Center, Brainerd Regional Human Services Center, Minnesota Extended Treatment Option - Cambridge, Minnesota Sex Offender Program - Moose Lake, St. Peter Regional Treatment Center

Project At A Glance

- ◆ Provide repairs to extend life of building roofing systems;
- ◆ Replace roofing systems with deficiencies that cannot be addressed with repairs;
- ◆ Prevent damage to building interiors, heating, ventilating and air conditioning (HVAC) and electrical systems;
- ◆ Eliminate conditions that can foster serious indoor air problems associated with mold; and
- ◆ Upgrade roof insulation and building energy efficiency.

Project Description

This project request outlines system-wide roof repair and replacement needs for the Department of Human Services (DHS) State Operated Services (SOS) facilities.

In recent years, asset preservation has become a fundamental component of the capital budget process. The key objective of asset preservation is to help reduce the amount of deferred maintenance and deferred renewal referred to as the "capital iceberg." Roof repair/replacement is generally considered an asset preservation project. However, because of the system-wide scope of roof repair/replacement in the regional treatment center (RTC) system, and the serious ramifications associated with not maintaining the weatherproofing integrity of roofs, DHS has separated roof repair/replacement from other asset preservation projects in previous capital budget requests and is continuing this practice for the FY 2006-07 capital budget request.

Background Information

SOS maintains a roof maintenance and repair/replacement plan for each of the RTC campuses. These plans are used to monitor each building's roofing program and are updated annually. Buildings proposed for roof repair/replacement are not evaluated simply on the building's roof system deficiency, but rather on an assessment of the building's overall condition, current utilization, and projected or proposed future use.

Facility staff must demonstrate that a building's life cycle characteristics and program suitability is in balance and that the building warrants the cost of roof replacement before a building is included in SOS's final roof replacement schedule. Because of the continued downsizing at DHS facilities and/or the deactivation of individual buildings, these issues are also reviewed when SOS considers the need to seek or expend any capital appropriation for any building in the RTC system.

Impact on Agency Operating Budgets (Facilities Notes)

Lack of funding of this request would require the use of limited repair and replacement operating funds to address critical roof repair and replacement projects. This action would limit the agency's ability to address routine preventive and correct facility maintenance and would actually compound the deferred maintenance problem this request is attempting to address. Replacing/repairing the roofs associated with this request will not reduce or increase the agency's operating budget.

Previous Appropriations for Roof Replacement and Repairs

The 2005 Legislature appropriated \$1.014 million.
The 2002 Legislature appropriated \$2.789 million.
The 2000 Legislature appropriated \$1.971 million.
The 1998 Legislature appropriated \$1.9 million.

Other Considerations

Deferred repairs or replacement of roof systems can result in a significant increase in total project costs. Leaking roofs can damage interior surfaces

System-Wide Roof Repair/Replacement

and jeopardize structural integrity. Leaking roofs can also ruin roof insulation, result in significant damage or deterioration to roof decks, deteriorate HVAC and electrical systems, and cause significant damage or destruction of program equipment and furnishings.

In addition, failure to address leaking roofs can cause the development of serious indoor air quality problems by generating conditions which facilitate mold growth and building contamination. Mold contamination can become a serious health issue and can result in the vacating of a building until the problem is corrected. Vacating a residential building at an RTC would cause considerable/significant programmatic problems. This situation would not only increase costs associated with roof maintenance and/or replacement, but would have a dramatic impact on the operating cost of the affected program.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$1.5 million for this project. Also included are budget planning estimates of \$1.5 million in 2008 and \$1.5 million in 2010.

Human Services, Department of
System-Wide Roof Repair/Replacement

Project Detail
 (\$ in Thousands)

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|--------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 114 | 249 | 150 | 513 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 0 | 1,275 | 2,485 | 1,468 | 5,228 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 111 | 416 | 382 | 909 |
| TOTAL | 0 | 1,500 | 3,150 | 2,000 | 6,650 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 1,500 | 3,150 | 2,000 | 6,650 |
| State Funds Subtotal | 0 | 1,500 | 3,150 | 2,000 | 6,650 |
| 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 | 1,500 | 3,150 | 2,000 | 6,650 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 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 | 1,500 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2011 |

2006 STATE APPROPRIATION REQUEST: \$4,000,000

AGENCY PROJECT PRIORITY: 7 of 7

PROJECT LOCATION: Anoka Metro RTC, Brainerd Regional Human Services Center, Cambridge Regional Treatment Center - METO Program, Minnesota Sex Offender Program - Moose Lake, St. Peter Regional Treatment Center

Project At A Glance

- ◆ Provide repairs and replacements to basic facility infrastructure and key mechanical, electrical, utility, and heating, ventilating and air conditioning (HVAC) systems;
- ◆ Address known safety hazards, health risks and code deficiencies;
- ◆ Maintain basic building envelope systems of the state's buildings; and
- ◆ Maintain and preserve capital investments in state assets.

Fast Facts

- ◆ Agency/Facility: Department of Human Services/State Operated Services (DHS/SOS)
- ◆ Total Acres: 1,494
- ◆ Number of State Owned Buildings: 252
- ◆ Total Building Square Footage: 3,582,665 square feet
- ◆ Estimated Deferred Maintenance: \$23 million
- ◆ Estimated Deferred Renewal: \$40 million
- ◆ Estimated Replacement Value of Capital Assets: \$560 million

Project Description

This project request involves the repair, replacement, and renewal needs specific to the operations of each regional treatment center (RTC). These needs developed over time, and represent a system-wide assessment of the facilities' deficiencies, including, but not limited to the following:

- ◆ safety hazards and code compliance issues;
- ◆ emergency power/egress lighting upgrades (life safety);
- ◆ mechanical and structural deficiencies;
- ◆ tuck pointing and other building envelope work (window and door replacement, fascia and soffit work, re-grading around foundations);
- ◆ elevator repairs/upgrades/replacements;
- ◆ road and parking lot maintenance;
- ◆ major mechanical and electrical utility system repairs, replacements, upgrades and/or improvements, including the replacement of boilers and upgrading steam systems;
- ◆ abatement of hazardous materials (e.g., asbestos containing pipe insulation, floor and ceiling tile, lead paint); and
- ◆ Demolition of deteriorated/unsafe/non-functional buildings and structures.

Background Information

Funding of this request will enable the Department, and its facilities, to address this continuing problem and to reduce the level of deferred maintenance at the RTCs. Failure to fund this request will only intensify the problem. Additional deterioration will result and the state's physical plant assets will continue to decline. Future costs may actually compound, as complete replacement may become the most cost effective and efficient alternative for addressing related deficiencies.

The key objective of asset preservation is to help reduce the amount of deferred maintenance and deferred renewal referred to as the "capital iceberg." Although most projects associated with this request are considered nonrecurring in scope, all facility components require scheduled maintenance and repair, and eventually many require replacement. The average life cycle of most projects associated with this request range between 25 and 30 years; however, some have longer life cycles, (i.e. tuck pointing, window replacement), and a few may have shorter life cycles, (i.e. road and parking lot seal coating and overlays, water tower cleaning and painting). These projects involve significant levels of repair and replacement, and because of

the system-wide magnitude, cannot be addressed with the current level of repair and replacement funding in the agency's operating budget.

Each of the Department's facilities is responsible for maintaining a list of projects required to preserve their fixed assets. These perpetual and ever changing lists are comprised of projects directly related to asset preservation or deferred maintenance and renewal. The facilities' asset preservation plans must support the future need and projected use of the facility. Building components are not evaluated on an individual deficiency basis, but rather on an overall building evaluation or assessment basis to determine that its life cycle characteristics and program suitability are in balance.

Impact on Agency Operating Budgets (Facilities Notes)

Lack of funding of this request, will require the use of a large percentage of limited repair and replacement operating funds to address critical and expensive asset preservation projects. This action would limit the agency's ability to address routine preventative, predictive and corrective facility maintenance and would actually compound the existing deferred maintenance problem and result in a substantial increase in the long-range deferred maintenance/renewal at the agencies facilities. Funding of this request will not require the agency's operating budget to increase or decrease.

Previous Appropriations for Asset Preservation

2005 Legislature appropriated \$3 million
2002 Legislature appropriated \$4 million
2000 Legislature appropriated \$3 million
1998 Legislature appropriated \$4 million

Other Considerations

Continued funding at the requested level for several biennia will enable the Department to make a significant impact on the system's deferred maintenance problem.

In some cases repair and improvement may be a very prudent measure, while in other cases total replacement may be the most viable alternative.

However, in light of the Department's current excess building capacity, demolition of some buildings may be determined to be the most economical and prudent choice of action. In addition, downsizing of facilities and/or deactivation of individual buildings must also be considered when determining which buildings should have funds requested for or committed to asset preservation.

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Governor's Recommendations

The Governor recommends general obligation bonding of \$4 million for this project. Also included are budget planning estimates of \$4 million in 2008 and \$4 million in 2010.

| TOTAL PROJECT COSTS All Years and Funding Sources | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--|--------------------|-------------------|-------------------|-------------------|---------------|
| 1. Property Acquisition | 0 | 0 | 0 | 0 | 0 |
| 2. Predesign Fees | 0 | 0 | 0 | 0 | 0 |
| 3. Design Fees | 0 | 364 | 320 | 320 | 1,004 |
| 4. Project Management | 0 | 0 | 0 | 0 | 0 |
| 5. Construction Costs | 0 | 3,636 | 3,680 | 3,680 | 10,996 |
| 6. One Percent for Art | 0 | 0 | 0 | 0 | 0 |
| 7. Relocation Expenses | 0 | 0 | 0 | 0 | 0 |
| 8. Occupancy | 0 | 0 | 0 | 0 | 0 |
| 9. Inflation | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 4,000 | 4,000 | 4,000 | 12,000 |

| CAPITAL FUNDING SOURCES | Prior Years | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| State Funds : | | | | | |
| G.O Bonds/State Bldgs | 0 | 4,000 | 4,000 | 4,000 | 12,000 |
| State Funds Subtotal | 0 | 4,000 | 4,000 | 4,000 | 12,000 |
| 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 | 4,000 | 4,000 | 4,000 | 12,000 |

| CHANGES IN STATE OPERATING COSTS | Changes in State Operating Costs (Without Inflation) | | | |
|--|---|-------------------|-------------------|--------------|
| | FY 2006-07 | FY 2008-09 | FY 2010-11 | TOTAL |
| Compensation -- Program and Building Operation | 0 | 0 | 0 | 0 |
| Other Program Related Expenses | 0 | 0 | 0 | 0 |
| Building Operating Expenses | 0 | 0 | 0 | 0 |
| Building Repair and Replacement Expenses | 0 | 0 | 0 | 0 |
| State-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Nonstate-Owned Lease Expenses | 0 | 0 | 0 | 0 |
| Expenditure Subtotal | 0 | 0 | 0 | 0 |
| Revenue Offsets | 0 | 0 | 0 | 0 |
| TOTAL | 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 | 4,000 | 100.0% |
| User Financing | 0 | 0.0% |

| STATUTORY AND OTHER REQUIREMENTS | |
|---|---|
| Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill. | |
| No | MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature) |
| No | MS 16B.335 (3): Predesign Review Required (by Administration Dept) |
| Yes | MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements |
| No | MS 16B.335 (5): Information Technology Review (by Office of Technology) |
| Yes | MS 16A.695: Public Ownership Required |
| No | MS 16A.695 (2): Use Agreement Required |
| No | MS 16A.695 (4): Program Funding Review Required (by granting agency) |
| No | Matching Funds Required (as per agency request) |
| Yes | MS 16A.642: Project Cancellation in 2011 |

| Project Title | Agency Priority | Funding Source | Agency Request | | | Governor's Rec | Governor's Planning Estimates | |
|---|-----------------|----------------|----------------|---------|---------|----------------|-------------------------------|---------|
| | | | 2006 | 2008 | 2010 | 2006 | 2008 | 2010 |
| Asset Preservation | 1 | GO | \$10,005 | \$6,000 | \$6,001 | \$6,000 | \$6,000 | \$6,000 |
| Minneapolis Emergency Power | 2 | GO | 2,457 | 0 | 0 | 2,457 | 0 | 0 |
| Minneapolis Adult Day Care | 3 | GO | 2,261 | 0 | 0 | 0 | 0 | 0 |
| Silver Bay Master Plan Renovation | 4 | GO | 4,851 | 0 | 0 | 0 | 0 | 0 |
| Luverne Dementia Unit/Wander Area | 5 | GO | 599 | 0 | 0 | 599 | 0 | 0 |
| Minneapolis Dining/Kitchen Renovation | 6 | GO | 5,331 | 0 | 0 | 5,331 | 0 | 0 |
| Fergus Falls Special Care Unit | 7 | GO | 7,699 | 0 | 0 | 637 | 7,062 | 0 |
| Minneapolis Phase 2 - Assisted Living | 8 | GO | 20,104 | 0 | 0 | 0 | 0 | 0 |
| Hastings Supportive Housing | 9 | GO | 6,953 | 0 | 0 | 0 | 0 | 0 |
| Minneapolis Phase 3 - Skilled Nursing Development | 10 | GO | 175 | 16,765 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------------------------------|----------|----------|---------|----------|----------|---------|
| Project Total | \$60,435 | \$22,765 | \$6,001 | \$15,024 | \$13,062 | \$6,000 |
| General Obligation Bonding (GO) | \$60,435 | \$22,765 | \$6,001 | \$15,024 | \$13,062 | \$6,000 |

| | | | |
|-------------------------|-------------------------------|----------------------------------|-----------------------------|
| Funding Sources: | GF = General Fund | THF = Trunk Highway Fund | OTH = Other Funding Sources |
| | GO = General Obligation Bonds | THB = Trunk Highway Fund Bonding | UF = User Financed Bonding |