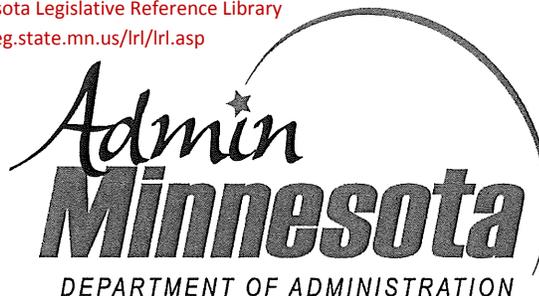


12 - 0763



DATE: September 24, 2012

TO: Senator Mike Parry
Representative Morrie Lanning

FROM: Ryan Church, Assistant Commissioner 

SUBJECT: Internal Service Fund Rates for FY 2012 and 2013

Summary information regarding Admin's internal service fund rates for FY 2012 and 2013 is attached as required by Minnesota Statutes 16B.48, Subdivision 4. Attachments include:

- Summary of percentage rate changes
- Six-year rate comparisons for each internal service fund

Internal service fund revenue is generated from charges by Admin to other agencies. The rates charged have been reviewed and approved as outlined in the next paragraph and cover the cost of providing the services and products.

Each year, business plans and rates are carefully developed. In FY 2012 and 2013, due to the difficult economic climate, all internal service funds (businesses) carefully analyzed actions that could be taken to reduce expenses or increase sales with the net effect of providing relief to customers. Reviews were completed by Admin's executive team and by Minnesota Management and Budget to ensure that the businesses are positioned to respond to agencies' needs, provide rates sensitive to agencies' budgets and maintain financial stability.

Business plans for each internal service fund are being provided to Kevin Lundeen and Helen Roberts.

Should you or your staff have any questions or comments regarding the rates or the underlying business plan details, please contact me.

cc Kevin Lundeen, Senate
Helen Roberts, House
Margaret Kelly, MMB
Katherine Barondeau, MMB
Nicky Giancola, Admin
Lenora Madigan, Admin
Julie Poser, Admin
Legislative Reference Library ✓

Commissioner's Office
200 Administration Building, 50 Sherburne Avenue, St. Paul, MN 55155
Phone: 651.201.2555 / Fax: 651.297.7909

An Equal Opportunity Employer



Internal Service Fund Rate Adjustments for FY 2012

The following information represents the overall rate adjustments in each of the Admin internal service fund operations. The impact of specific rates within each operation may differ from the overall rate adjustment. These rates were reviewed extensively by Admin leadership and were approved by the Department of MN Management and Budget pursuant to Minnesota Statutes 16A.126.

Fleet & Surplus Services	- Fleet Services	0.00%
	- Surplus Services	0.00%
MN Geospatial Information Office		0.00%
Plant Management	- Central Mail	0.00%
	- Leases	(2.4%)
	- Materials Transfer	6.30%
	- Parking	0.00%
	- Repairs & Other Jobs	0.00%
	- State Register	(70.0% on billable pages)
Risk Management	- Property and Casualty	(7.90%)
	- Workers Compensation	0.00%



Internal Service Fund Rate Adjustments for FY 2013

The following information represents the overall rate adjustments in each of the Admin internal service fund operations. The impact of specific rates within each operation may differ from the overall rate adjustment. These rates were reviewed extensively by Admin leadership and were approved by the Department of MN Management and Budget pursuant to Minnesota Statutes 16A.126.

Fleet & Surplus Services	- Fleet Services	0.00%
	- Surplus Services	0.00%
Plant Management	- Central Mail	0.00%
	- Leases	(0.60%)
	- Parking	0.00%
	- Repairs & Other Jobs	0.00%
	- State Register	Will be submitted after MMB approval
Risk Management	- Property and Casualty	0.00%
	- Workers Compensation	5.00% increase in Administration fees

Commissioner's Office
200 Administration Building, 50 Sherburne Avenue, St. Paul, MN 55155
Phone: 651.201.2555 / Fax: 651.297.7909

An Equal Opportunity Employer

Fleet Services

Six Year Rate Comparison

Lease Rate History for Individualized Leases

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Existing Vehicle Rate Adjustment	3.5%	0.0%	(3.0%)	(3.0%)	0.0%	0.0%
Managed Maintenance Rate **						
Human Services (base year FY2011, \$624 per year)				base	0%	
Pollution Control (base year FY2011, \$354 per year)				base	0%	
Actual Gasoline Cost History *	\$3.20	\$2.57	\$2.65	\$3.19	\$3.54	\$3.72
Average New Car Acquisition Cost *	\$17,977	\$18,626	\$19,315	\$19,987	\$21,200	\$21,900

* FY2012 and FY2013 estimated

** This rate was developed based on historical data as well as Fleet Services estimated costs.
The rate will be analyzed and adjusted annually based on actual maintenance expenses.

This chart does not include the 25 cent per gallon credit for the use of E85 fuel.

Fuel charged to agencies for agency owned vehicles is charged at cost on a reimbursement basis.

In some cases, lease rates are developed that do not include all of the components documented on page 37. Rates for MNSCU and political subdivisions do not include fuel. Rates for political subdivisions do not include insurance. If state customers wish to contribute the vehicle expense portion of the rate, rates are developed that do not include vehicle expense or related interest expense.

Surplus Services

Six Year Rate Comparison

MINNESOTA DEPARTMENT OF ADMINISTRATION
 SURPLUS SERVICES FUND 4502
 FOR FISCAL YEAR 2013

Rate	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Auction Admin. Fee (Metro/Online) (Items \$4,000 and under)	10%	10%	10%	10%	10%	10%
Auction Admin. Fee (Out-state) (Items \$4,000 and under)	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Auction Admin. Fee (Metro/Online) (Items over \$4,000)	10%	8%	8%	8%	8%	8%
Auction Admin. Fee (Out-state) (Items over \$4,000)	10.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Host Fee	1%	1%	1%	1%	0%	0%
State Surplus Property Fee	Various	Various	Various	Various	Various	Various
Computer Wiping Fee	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Garage Sale Fee	Various	Various	Various	Various	Various	Various
Storage Fee (Inside)	\$5.85*	\$5.85*	\$5.85*	\$5.85*	\$5.85*	\$5.85*
Storage Fee (Outside)	\$25.00~	\$25.00~	\$25.00~	\$25.00~	\$25.00~	\$25.00~
Forklift Fee	\$29.60^	\$29.60^	\$29.60^	\$29.60^	\$29.60^	\$29.60^
Truck Fee	\$43.00^	\$43.00^	\$43.00^	\$43.00^	\$43.00^	\$43.00^
Warehouse Person Fee	\$21.65^	\$21.65^	\$21.65^	\$21.65^	\$21.65^	\$21.65^
Warehouse Supervisor Fee	\$29.20^	\$29.20^	\$29.20^	\$29.20^	\$29.20^	\$29.20^
Online Auction Minimum Fee Surplus/Exchange Fee (Requested price of \$500 or more)			≤\$50	≤\$50	≤\$50	≤\$50
*Annual Sq. Ft. Cost						
~Vehicle Monthly						
^Hourly						
FY 2009 and Forward - Auction Admin. Fee Not to Exceed \$1,000 Per Item						

PMD Central Mail

Six-year Rate Comparison

MINNESOTA DEPARTMENT OF ADMINISTRATION
CENTRAL MAIL
FOR FISCAL YEAR 2013

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Sacking/labeling						
First 1,000	\$13.00	\$13.00	n/a	n/a	n/a	n/a
Each additional piece.	\$0.02	\$0.02	n/a	n/a	n/a	n/a
Pre-sort (3-digit) Warrant - Per piece	\$0.01	\$0.01	\$0.01	n/a	n/a	n/a
Warrants - Per thousand						
Self mailer	\$7.00	\$7.00	n/a	n/a	n/a	n/a
Double Postcards	\$9.00	\$9.00	n/a	n/a	n/a	n/a
Traditional Inserting						
Inserting Set-Up	n/a	n/a	\$25.00	\$25.00	\$25.00	\$25.00
Inserting Per Thousand - 1 Insert	n/a	n/a	\$18.00	\$18.00	\$18.00	\$18.00
Inserting Per Thousand - Additional Inserts	n/a	n/a	\$1.00	\$1.00	\$1.00	\$1.00
1 Insert - First 1,000	\$25.00	\$25.00	n/a	n/a	n/a	n/a
Additional 1,000s	\$18.00	\$18.00	n/a	n/a	n/a	n/a
2 Inserts - First 1,000	\$29.00	\$29.00	n/a	n/a	n/a	n/a
Additional 1,000s	\$19.00	\$19.00	n/a	n/a	n/a	n/a
3 Inserts - First 1,000	\$33.00	\$33.00	n/a	n/a	n/a	n/a
Additional 1,000s	\$20.00	\$20.00	n/a	n/a	n/a	n/a
4 Inserts - First 1,000	\$36.50	\$36.50	n/a	n/a	n/a	n/a
Additional 1,000s	\$21.00	\$21.00	n/a	n/a	n/a	n/a
5 Inserts - First 1,000	\$39.50	\$39.50	n/a	n/a	n/a	n/a
Additional 1,000s	\$23.00	\$23.00	n/a	n/a	n/a	n/a
6 Inserts - First 1,000	\$43.50	\$43.50	n/a	n/a	n/a	n/a
Additional 1,000s	\$24.00	\$24.00	n/a	n/a	n/a	n/a
Match Inserting						
Set-up	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Inserting fee (per thousand) - 2 Inserts	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Inserting fee (per thousand) - 3 Inserts	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00
Sorting and Bar-coding - Per piece						
Scheduled runs	\$0.020	\$0.020	\$0.020	\$0.020	\$0.020	\$0.020
Small runs (metered number of runs) ¹	\$0.039	\$0.029	\$0.029	\$0.029	\$0.029	\$0.029
Double postcard sort	\$0.025	\$0.025	n/a	n/a	n/a	n/a
Postage handling fee						
	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
House/Senate monthly delivery - each body	\$100	\$100	\$100	\$100	\$100	\$100
Ink-jet addressing						
Set-up	\$23.00	\$23.00	\$51.00	\$51.00	\$51.00	\$51.00
Data Import (included in set up FY 2010 and after)	\$28.00	\$28.00	n/a	n/a	n/a	n/a
NCOA (shop rate if NCOA only FY 2010 and after)	\$38.00	\$38.00	n/a	n/a	n/a	n/a
NCOA - 13,001 - 50,000 (incl in inkjet addressing beginning in FY 2010)	\$2.90	\$2.90	n/a	n/a	n/a	n/a
NCOA - 50,001 - 100,000 (incl in inkjet addressing beginning in FY 2010)	\$2.40	\$2.40	n/a	n/a	n/a	n/a
NCOA - More than 100,001 (incl in inkjet addressing beginning in FY 2010)	\$1.85	\$1.85	n/a	n/a	n/a	n/a
NCOA (zip+4 standard/sort) -- Per thousand	\$7.50	\$7.50	\$9.50	\$9.50	\$9.50	\$9.50
Addressing - Per thousand	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
Pre - sort flat (Bulking - Per piece)	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Pre-sorting letters - Per piece	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Quantity Discount > 500,000	n/a	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Ink Jet Custom	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Tabbing Set-up	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Tabbing	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Permit filing Use of state permit #171	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Shop rate ²	\$36.75	\$36.75	\$36.75	\$36.75	\$36.75	\$36.75
Agency Delivery Service ³	n/a	n/a	n/a	n/a	\$68.10	\$68.10
Folding Per thousand per fold	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00

¹ Metered bar-code runs are set by the USPS and are subject to change

² On rare occasion, 1 1/2 times the billing rate may be assessed for rush overtime jobs, related to the required service

³ Previously part of PMD's Materials Transfer business

**Minnesota Department of Administration
Plant Management Division - Fund 820 (Leases)
Fiscal Years 2012 & 2013
Six-Year Rate Comparison**

<u>Building</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
321 Grove Bldg 1	\$6.65	\$6.65	\$6.65	\$6.65	\$9.65	\$12.65
321 Grove Bldg 2	6.00	6.00	6.00	6.00	6.00	6.00
691 N. Robert	12.00	14.00	14.00	14.00	12.50	12.50
Administration	15.70	16.70	17.70	18.12	19.20	20.25
Ag/Health Laboratory	35.75	37.25	38.65	39.25	39.00	39.00
Andersen	30.00	30.00	30.00	29.77	29.00	29.00
BCA Maryland	21.50	21.50	21.75	21.63	20.00	20.00
Capitol	28.00	28.00	28.00	27.15	27.15	27.15
Centennial	14.65	15.40	16.40	17.05	16.00	16.00
Ely	15.75	16.75	21.00	26.00	27.00	28.00
Fleet & Surplus Services				12.00	12.00	12.00
Freeman	35.00	35.00	33.00	32.78	32.78	32.78
Governor's Residence	24.00	25.00	29.50	35.00	35.00	35.00
Judicial Center	22.79	22.79	21.00	19.61	15.75	15.75
MN History Center	17.40	17.93	17.93	17.93	17.00	17.00
Retirement Systems	10.25	10.50	10.50	9.92	9.92	9.92
Stassen	15.55	15.55	14.25	14.13	14.45	14.75
State Office Building	14.50	15.25	15.75	15.64	14.75	14.75
Transportation	14.00	14.00	15.50	15.35	15.85	16.35
Veterans Service	15.70	15.70	18.70	20.58	21.35	22.20
Storage - most buildings	6.50	6.50	6.50	6.50	6.50	6.50

PMD Leases

PMD Parking

Six-year Rate Comparison

MINNESOTA DEPARTMENT OF ADMINISTRATION
PARKING
FOR FISCAL YEAR 2013

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Difference</u>
Lot	\$29.75	\$29.75	\$29.75	\$29.75	\$29.75	\$29.75	\$0.00
Lot U	n/a	n/a	\$120.00	\$120.00	\$120.00	\$120.00	\$0.00
Lot - Satellite at reduced rate	15.00	n/a	n/a	n/a	n/a	n/a	n/a
Ramp	51.67	51.67	51.67	51.67	51.67	51.67	\$0.00
Top Deck	34.13	34.13	34.13	34.13	34.13	34.13	\$0.00
Garage	104.26	104.26	104.26	104.26	104.26	104.26	\$0.00
Motorcycle - Lot	14.83	14.83	14.83	14.83	14.83	14.83	\$0.00
Motorcycle - Ramp	22.27	22.27	22.27	22.27	22.27	22.27	\$0.00
Segway - Garage - Annual	50.00	50.00	50.00	50.00	50.00	50.00	\$0.00
Legislative Intern per month	10.00	10.00	10.00	10.00	10.00	10.00	\$0.00
Daily Permit	5.00	5.00	5.00	5.00	5.00	5.00	\$0.00
Daily Bus Permit	10.00	10.00	10.00	10.00	10.00	10.00	\$0.00
Pkg Lost/Stolen Replacement Tag	25.00	25.00	25.00	25.00	25.00	25.00	\$0.00
Lost/Stolen Bike Locker Key	25.00	25.00	25.00	25.00	25.00	25.00	\$0.00
Lost/Replacement Metropass - 1st time	20.00	20.00	20.00	20.00	20.00	20.00	\$0.00
Lost/Replacement Metropass - 2nd time	40.00	40.00	40.00	40.00	40.00	40.00	\$0.00
Parking Meter per hour	1.50	1.50	1.50	1.50	1.50	1.50	\$0.00
Bike locker - Annual	50.00	50.00	50.00	50.00	50.00	50.00	\$0.00
Metropass	29.75	29.75	29.75	45.00	45.00	45.00	\$0.00

Notes:

Rates are per month unless otherwise noted

Replacement Metropass rates are set by MetroTransit

Low Cost Satellite lot was available through December 2007

Parking Meter maximum daily charge is \$6.00

PMD Repairs & Other Jobs

Six Year Rate Comparison

MINNESOTA DEPARTMENT OF ADMINISTRATION
REPAIR AND OTHER JOBS (ROJ)
FOR FISCAL YEAR 2013

<u>Rate</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Labor - Regular	\$62.50	\$62.50	\$65.50	\$65.50	\$65.50	\$65.50
Labor - Premium	75.00	75.00	78.60	78.60	78.60	78.60
Signature Keys	5.00	5.00	5.00	5.00	5.00	5.00
Other Keys	1.10	1.10	1.10	1.10	1.10	1.10

RMD - Workers Compensation

Six-Year Rate Comparison

MINNESOTA DEPARTMENT OF ADMINISTRATION
RISK MANAGEMENT DIVISION / WORKERS' COMPENSATION PROGRAM
FOR FISCAL YEAR 2013

RATE	FY2008	FY2009	FY2010	FY 2011	FY 2012	FY2013
Administrative Fee						
The Administrative Fee of \$2,496,000 had remained the same since FY 2004. In FY13, the fee will be increased by 5% to \$2,620,800. It is apportioned based on the following factors:						
- Average number of employees in previous fiscal year						
- Number of open claims at the end of the current fiscal year						
- Number of payment transactions in previous fiscal year						
When shown as a comparison to the average number of covered employees there may be a slight variance from year to year as the number of covered employees can fluctuate annually. (Admin fee/Avg number of covered employees) *	42.55	41.90	41.51	41.51	41.28	44.24
Premium Pool						
The amount charged to agencies in the premium pool is based on the previous 5-year average agency loss experience.						
Pay-As-You-Go						
The amount charged to pay-as-you-go agencies is based on actual claim payments.						
Legal Services						
Attorney	95.00	95.00	95.00	114.00	114.00	114.00
Paralegal	55.00	55.00	55.00	64.00	64.00	64.00
Rehabilitation Services						
QRC's	N/A	N/A	N/A	65.00	65.00	65.00
Managed Care Fee						
(rate/employee/month)						
1 st six months	2.080	2.10	2.15	2.15	2.15	2.17
2 nd six months	2.10	2.15	2.15	2.15	2.17	*
* This is the final year of the five year contract, requiring a request for proposals and a new contract before calendar year 2013.						

PMD State Register

HISTORY AND PROFORMA

MINNESOTA DEPARTMENT OF ADMINISTRATION
STATE REGISTER
FOR FISCAL YEAR 2012

	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL/EST	FY 2012 PROPOSED	\$ CHANGE FY11/FY12	% CHANGE FY11/FY12
Operating Revenues								
Sales	216,420	269,909	247,622	202,684	207,127	131,920	(75,207)	-36.31%
Cost of Goods Sold	3,541	3,207	2,816	3,880	0	0	0	0.00%
Gross Margin	212,878	266,702	244,806	198,804	207,127	131,920	(75,207)	-36.31%
Operating Expenses								
Salaries & Benefits	87,311	127,931	121,145	108,018	116,179	134,163	17,984	15.48%
Rent	19,471	20,063	20,635	20,843	21,974	21,325	(649)	-2.95%
Utilities	0	0	0	0	0	0	0	0.00%
Equipment (Rental)	0	0	1,270	1,283	1,073	958	(115)	-10.72%
Repairs	879	816	337	354	90	400	310	344.44%
Printing	0	57	0	20	2,414	2,460	46	1.90%
Advertising	0	0	189	217	244	0	(244)	-100.00%
Professional & Technical Services	0	1,022	484	0	0	0	0	0.00%
Computer & System Services	1,631	2,942	3,222	2,001	2,610	2,000	(610)	-23.38%
Communications	3,755	3,629	3,392	3,370	2,881	2,936	55	1.90%
Freight	0	0	0	0	0	0	0	0.00%
Travel	620	0	0	140	0	100	100	0.00%
Supplies	3,456	6,056	1,493	1,931	1,602	1,632	30	1.90%
Employee Development	0	65	147	104	0	0	0	0.00%
Fees	123	0	0	259	30	50	20	66.67%
Purchased Services	223	2,654	2,722	82	19	100	81	426.32%
Insurance	2,700	2,852	616	702	871	888	17	1.90%
Statewide Indirect Costs	13,202	13,654	15,294	10,146	9,026	9,198	171	1.90%
Bad debt	0	0	0	0	0	0	0	0.00%
Depreciation	2,826	2,903	2,903	484	0	0	0	0.00%
Amortization	0	0	794	953	953	953	0	0.00%
Department Cost Allocation	0	0	0	0	0	0	0	0.00%
Total Operating Expenses	136,197	184,654	174,642	150,907	159,966	177,162	17,195	10.75%
Operating Income (Losses)	76,681	82,048	70,164	47,897	47,161	(45,242)	(92,402)	-195.93%
Nonoperating Revenues (Expenses)								
Interest Expense	0	0	0	0	0	0	0	0.00%
Interest Revenue	0	0	0	0	0	0	0	0.00%
Total Nonoperating Revenue (Expenses)	0	0	0	0	0	0	0	0.00%
Income (Loss) before Contributions and Transfers								
Contributions								
Transfers								
Net Income (Loss)	76,681	82,048	70,164	47,897	47,161	(45,242)	(92,402)	-195.93%
Retained Earnings, Beginning Period	208,284	284,965	367,013	437,177	485,075	532,236	47,161	9.72%
Adjustment to Retained Earnings								
Retained Earnings, Ending Period	284,965	367,013	437,177	485,075	532,236	486,994	(45,242)	-8.50%
Reconciliation to Net Assets								
Retained Earnings	284,965	367,013	437,177	485,075	532,236	486,994	(45,242)	-8.50%
Contributed Capital								
Total Net Assets, Ending Period	284,965	367,013	437,177	485,075	532,236	486,994	(45,242)	-8.50%