



August 5, 2014

Albin A. Mathiowetz, Chief Clerk
Minnesota House of Representatives
State Capitol Building, Room 211
75 Rev. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Re: Minn. Stat. §16B.31, Subd. 6(b) – Lease for more than 50,000 square feet

Dear Mr. Mathiowetz,

Pursuant to Minn. Stat. §16B.31, Subd. 6(b), the attached cost analysis is hereby presented for the purpose of entering in to a lease for more than 50,000 square feet for the Department of Human Services' Direct Care and Treatment program.

The lease is with Northwest Publications, LLC for four floors of office space (58,949 useable square feet) in the Pioneer Press Building located at 345 Cedar Street in downtown Saint Paul. The ten-year lease is effective February 1, 2015.

Please note on the cost analysis document that the state negotiated a \$1.3 million reduction in lease costs from the original offer. Northwest Publications, LLC is covering the expenses to remodel the space in order to accommodate State programmatic needs.

Sincerely,

A handwritten signature in black ink, appearing to read "Spencer Cronk".

Spencer Cronk
Commissioner

c: Legislative Library

Attachment

DEPARTMENT OF HUMAN SERVICES
PIONEER PRESS BUILDING- ST. PAUL
PROPOSAL ANALYSIS

ORIGINAL OFFER FROM LL dated 12/13/2013: Starts at \$21.50 with 3% annual increases

LEASE PERIOD	SQUARE FEET	RATE PER SQ. FT.	MONTHLY PAYMENT	RENT FOR LEASE PERIOD
2/1/15 - 1/31/16	58,849	\$21.50	\$105,437.79	\$ 1,265,253.48
2/1/16 - 1/31/17	58,849	\$22.15	\$108,625.45	\$ 1,303,505.40
2/1/17 - 1/31/18	58,849	\$22.81	\$111,862.14	\$ 1,342,345.68
2/1/18 - 1/31/19	58,849	\$23.49	\$115,196.92	\$ 1,382,363.04
2/1/19 - 1/31/20	58,849	\$24.20	\$118,678.82	\$ 1,424,145.84
2/1/20 - 1/31/21	58,849	\$24.92	\$122,209.76	\$ 1,466,517.12
2/1/21 - 1/31/22	58,849	\$25.67	\$125,887.82	\$ 1,510,653.84
2/1/22 - 1/31/23	58,849	\$26.44	\$129,663.96	\$ 1,555,967.52
2/1/23 - 1/31/24	58,849	\$27.24	\$133,587.23	\$ 1,603,046.76
2/1/24 - 1/31/25	58,849	\$28.05	\$137,559.54	\$ 1,650,714.48
			TOTAL	\$ 14,504,513.16
	Avg. Rate	\$24.65		

COUNTER OFFER accepted on 7/7/14

LEASE PERIOD	SQUARE FEET	RATE PER SQ. FT.	MONTHLY PAYMENT	RENT FOR LEASE PERIOD
2/1/15 - 1/31/16	58,849	\$21.00	\$ 102,985.75	\$ 1,235,829.00
2/1/16 - 1/31/17	58,849	\$21.32	\$ 104,555.06	\$ 1,254,660.72
2/1/17 - 1/31/18	58,849	\$21.64	\$ 106,124.36	\$ 1,273,492.32
2/1/18 - 1/31/19	58,849	\$21.96	\$ 107,693.67	\$ 1,292,324.04
2/1/19 - 1/31/20	58,849	\$22.28	\$ 109,262.98	\$ 1,311,155.76
2/1/20 - 1/31/21	58,849	\$22.60	\$ 110,832.28	\$ 1,329,987.36
2/1/21 - 1/31/22	58,849	\$22.92	\$ 112,401.59	\$ 1,348,819.08
2/1/22 - 1/31/23	58,849	\$23.24	\$ 113,970.90	\$ 1,367,650.80
2/1/23 - 1/31/24	58,849	\$23.56	\$ 115,540.20	\$ 1,386,482.40
2/1/24 - 1/31/25	58,849	\$23.88	\$ 117,109.51	\$ 1,405,314.12
			TOTAL	\$ 13,205,715.60
	Avg. Rate	\$22.44		
			SAVINGS	\$ 1,298,797.56