

**Administration Dept.**

**Projects Summary**

(\$ in thousands)

| Project Title   | Priority Ranking | Funding Source | Project Requests for State Funds |                  |             |
|---|------------------|----------------|----------------------------------|------------------|-------------|
|   |                  |                | 2016                             | 2018             | 2020        |
| Centennial Parking Ramp Structural Repairs                      | 1                | GO             | \$ 7,000                         | \$ 0             | \$ 0        |
| Visitor Parking   | 2                | GO             | \$ 6,000                         | \$ 0             | \$ 0        |
| State Office Building Design and Construction                   | 3                | GO             | \$ 14,395                        | \$ 96,460        | \$ 0        |
| CAPRA   | 4                | GO             | \$ 3,500                         | \$ 0             | \$ 0        |
| Capitol Complex Monuments and Memorials Repairs and Restoration | 5                | GO             | \$ 3,500                         | \$ 0             | \$ 0        |
| Strategic Plan Update   | 6                | GF             | \$ 1,500                         | \$ 0             | \$ 0        |
| Agency Relocation   | 7                | GF             | \$ 1,500                         | \$ 0             | \$ 0        |
| Enterprise Asset Preservation                                   | 8                | GO             | \$ 32,000                        | \$ 0             | \$ 0        |
| <b>Total Project Requests</b>                                   |                  |                | <b>\$ 69,395</b>                 | <b>\$ 96,460</b> | <b>\$ 0</b> |
| <b>General Fund Cash (GF) Total</b>                             |                  |                | <b>\$ 3,000</b>                  | <b>\$ 0</b>      | <b>\$ 0</b> |
| <b>General Obligation Bonds (GO) Total</b>                      |                  |                | <b>\$ 66,395</b>                 | <b>\$ 96,460</b> | <b>\$ 0</b> |

**Centennial Parking Ramp Structural Repairs****AT A GLANCE****2016 Request Amount:** \$7,000**Priority Ranking:** 1**Project Summary:** \$7M in state funds to repair damaged post-tension cables on of the Centennial Parking Ramp, which is located on the Capitol Complex. The Centennial Ramp is a 5 level parking ramp with 1489 stalls in a prime location in the Capitol Complex, neighboring the Centennial, Judicial, Freeman and Agriculture/Health Laboratory Buildings.**Project Description**

The project will remove sections of concrete deck in critical areas on 4 levels of the ramp to expose the post-tension cables so that the broken cables can be replaced or repaired as necessary. Work will involve removal of existing concrete, removal of broken cables, re-installation of new cable, repair of damaged cable casings and replacement of the removed portions of the concrete deck. The current estimated cost for this work is \$7M.

Repairs to the top level of the ramp will be determined by the study.

**Project Rationale**

During recent scheduled preventative maintenance, it was discovered that many of the post-tension reinforcing cables that support the parking decks had been broken or severely damaged during a previous resurfacing project. These cables are critical to the structural stability (integrity) of the ramp. If the broken cables are not replaced, and the damaged cables are not repaired and protected from the elements, future deterioration will cause the ramp to become unsafe and could result in its closure or collapse.

In addition, there is water drainage from green space on the top level of the Centennial Ramp that is leading to almost continual run off and is significantly contributing to ongoing deterioration of the parking levels below. Rehabilitation is completed each year to maintain the structural integrity of this ramp; however, major repairs of this area are needed. Plant Management is funding a study in FY2016 to help determine alternative solutions. Funds from this Capital Budget request may be used to fund these needed repairs as well.

**Other Considerations**

Failure to make these repairs will render the parking ramp unsafe and could result in catastrophic failure.

**Impact on Agency Operating Budgets**

Occasionally, bonded parking projects have been user-financed. If this project is user-financed, the cost of bond interest would be paid by the parking fund over 20 years and be in addition to parking rate increases to fund \$2.3 million annually for debt service on two recently constructed parking

facilities. Admin recommends that repair costs not be user-financed. Any additional debt service would likely push parking rates for contract holders significantly higher than market rates.

### **Description of Previous Appropriations**

Laws of 1992, Chapter 558, Section 12, Subd. 3 and Laws of 2005, Chapter 20, Section 13, Subd. 4

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**Visitor Parking****AT A GLANCE****2016 Request Amount:** \$6,000**Priority Ranking:** 2**Project Summary:** \$6M in general obligation bond funds to acquire property, demolish existing structures, and complete site-work and paving to provide additional visitor parking for the Capitol Complex.**Project Description**

Two parcels of non-state owned property in the Capitol Complex are currently available for sale. The parcels are strategically located such that they would provide for much needed and high demand visitor parking in close proximity to the State Capitol and State Office buildings. Requested funding would be used to acquire property, demolish existing structures, and complete site-work and paving.

**Project Rationale**

Parking on the Capitol Complex is at maximum capacity during the legislative session. The State continues to lease 300 parking stalls from Sears to accommodate its needs. The future of the State's ability to lease parking at Sears is very uncertain as Sears wishes to develop its parking properties and continues to explore options for that development. Additional parking strain on the Complex infrastructure is expected to continue as agencies consolidate their staff by relocating them to the Capitol Complex. Visitor parking resources are particularly strained. Each day during the legislative session hundreds to thousands of visitors come to the Capitol and State Office buildings, and soon to the new Senate Office Building. There are only 563 visitor spaces and only 44 public disabled spaces. These new parcels would help ease the burden for visitors, many of whom now park on neighborhood side-streets several blocks away from their destination.

**Other Considerations****Impact on Agency Operating Budgets**

Occasionally, bonded parking projects have been user-financed. If this project is user-financed, the cost of bond interest would be paid by the parking fund over 20 years and be in addition to parking rate increases to fund \$2.3 million annually for debt service on two recently constructed parking facilities. Admin recommends that land acquisition for new parking facilities not be user-financed. Any additional debt service would likely push parking rates for contract holders significantly higher than market rates.

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## State Office Building Design and Construction

**AT A GLANCE****2016 Request Amount:** \$14,395**Priority Ranking:** 3

**Project Summary:** \$110.855 million in general obligation bonds is requested for design and construction to address building systems that are beyond their useful life and other deficiencies in the State Office Building and Parking Ramp, as identified in the Facility Condition Assessment prepared in 2011 and in the Predesign Report prepared in December of 2012.

**Project Description**

This project request involves the repair, replacement, and renewal needs specific to the State Office Building and Parking Ramp. Funding of this request will enable the department to prepare a design to comprehensively address deferred maintenance including but not limited to:

- Safety hazards and code compliance issues
- Major mechanical, electrical and structural deficiencies
- Tuck pointing and other building envelope work
- Elevator repairs/upgrades/replacements
- Security issues
- Energy conservation & sustainability

A major renovation on the building was last completed in 1985. Since then only routine maintenance and repairs have occurred. Consequently, the plumbing, mechanical, controls, and air distribution systems are now at the end of their rated useful life, causing higher operating and repair costs and risking shut down in the event of a total system failure. The lighting system is outdated and inadequate and the windows and skylights do not meet today's energy codes. Additionally, the emergency power, emergency lighting and fire alarm systems are well beyond their rated life and may be inadequate in the event of an emergency. This project will provide a comprehensive approach for the restoration and preservation of the building.

The proposed funding and implementation plan is as follows:

- 2016 - \$14,395,000 for design, pre-construction services, and swing space construction
- 2018 - \$96,460,000 construction and occupancy costs

**Project Rationale**

Based on the findings of the Facility Condition Assessment and Predesign Report, the comprehensive

renovation of the State Office Building has been identified as a priority for the department. For logistical reasons, the renovation of the State Office Building necessarily needed to occur after completion of Capitol Restoration.

## **Other Considerations**

### **Impact on Agency Operating Budgets**

Improvements to building systems, such as the replacement of obsolete mechanical systems will result in energy and cost savings. However, bringing spaces up to compliance with modern standards of lighting and air quality will also impact costs. To avoid unsustainable rent costs for tenants in the State Office Building, it is recommended that the debt service associated with this project be waived. Absent a legislative waiver similar to the Capitol Restoration (Laws of Minnesota 2013, Chapter 136, Section 18 provided the following: Notwithstanding M.S. 16B.24, Subd. 5, para. (d), the commissioner of administration shall not collect rent to recover bond interest costs or building depreciation costs for any appropriations utilized in the restoration of the State Capitol, between calendar years 2012 and 2017), the cost of bond interest over 20 years and depreciation over 30 years will be recovered through lease rates to building tenants.

### **Description of Previous Appropriations**

Predesign funded from the 2011 Capital Budget asset preservation appropriation.

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**CAPRA****AT A GLANCE****2016 Request Amount:** \$3,500**Priority Ranking:** 4**Project Summary:** \$3.5 million in general obligation bond funds is requested for the Capital Asset Preservation and Replacement Account (CAPRA). CAPRA supports emergency repairs and unanticipated hazardous material abatement needs for state-owned facilities throughout Minnesota.**Project Description**

CAPRA, established under M.S. 16A.632, is a statewide fund centrally managed by the Department of Administration (Admin) for use by all state agencies. CAPRA funds support emergency repairs and unanticipated hazardous material abatement needs for state agency facilities.

State Agencies served by the CAPRA program in the past include Corrections, Employment and Economic Development, Human Services, Military Affairs, Minnesota Historical Society, Minnesota State Academies, Minnesota Zoological Gardens, Natural Resources, Perpich Center for Arts Education, Veteran Affairs, Iron Range Resources, Minnesota Amateur Sports Commission, and Admin.

This CAPRA request does not fund planned agency repairs and maintenance projects. Those types of projects are included in agency asset preservation requests. The amount of this request is based on historical spending.

**Project Rationale**

CAPRA is an emergency funding source that provides rapid financial assistance to state agencies to help in disasters and to address urgent and unanticipated facility needs. It does not fund known agency repair and maintenance projects but rather, provides assistance for the unexpected failure of key components and systems and unexpected deficiency discoveries at state-owned buildings. Examples of its past use include asbestos and lead abatement; emergency roof, pipe, and structural repairs; fire and water damage repairs; replacement of failed air conditioning, boiler, and water heater units, and life-safety systems repairs (e.g. fire sprinkler protection, fire alarm/detection systems, emergency generators). Asset Preservation (AP) funding across the enterprise continues to be a significant need, and inadequate funding for asset preservation tends to increase the likely need for emergency requests for CAPRA funding.

**Other Considerations**

Asset preservation continues to be an issue, and adequately maintaining state facilities is imperative to support the efficient and effective delivery of services and programs to our customers, the taxpayers and citizens of Minnesota. To the degree that agency asset preservation requests are underfunded, there will likely be increased emergency requests for CAPRA funding. Although Admin has been projecting biennial CAPRA requests of \$5 million, which is based on historical emergency

needs, events can trigger the need for additional funding to address emergencies.

### **Impact on Agency Operating Budgets**

CAPRA funding provides rapid financial assistance to state agencies to help address emergencies and unanticipated abatement needs. The program helps to minimize the impact on the delivery of services and programs from unanticipated emergencies and to prevent or reduce additional damage to state facilities.

### **Description of Previous Appropriations**

Since 2005, \$17,230,000 has been appropriated for CAPRA projects through state bonding bills, including \$1,000,000 in the 2014 bonding bill.

As of June 15, 2015, the current available balance is approximately \$1.6M.

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**Capitol Complex Monuments and Memorials Repairs and Restoration****AT A GLANCE****2016 Request Amount:** \$3,500**Priority Ranking:** 5**Project Summary:** \$3.5 million in general obligation bond funds is requested for repairs to Memorials and Monuments on the Capitol Complex that were identified as urgent in the 2013 Monument Condition study.**Project Description**

The Minnesota State Capitol Complex has 23 memorials and monuments and one tribute located throughout its ceremonial grounds and public spaces. These monuments range in age from over 100 years (John A. Johnson) to new (Minnesota Military Families Tribute – dedicated June 2015). All of these monuments were donated by citizen groups and other private organizations from throughout the state. While the monuments that are 9 years old or younger have maintenance funds, which were raised by the sponsoring group and transferred to the Department of Administration at the dedication and set aside in a maintenance perpetuity account, the majority (16) of the monuments have no maintenance and repair accounts and are left to the State to maintain. Over the years, the normal weathering process has taken its toll on memorials of them to the point that they are beginning to deteriorate rapidly. If significant repairs are not made soon they will begin to fall apart or have to be dismantled in order to eliminate the safety hazards that will result as they become unstable. This project will provide the stabilization, stone and joint repairs, statue and plaque refinishing, landscape rejuvenation and other elements necessary to restore monuments and memorials.

Each year an estimated 230,000 people visit the Capitol Grounds. These monuments provide history and education about the State's heroes, leaders, visionaries and others who have had significant influence on our State. These monuments and memorials represent the contributions and valor of the people of this State, and the State has a responsibility to maintain them for current and future generations.

A study commissioned by the Department of Administration, Capitol Area Architectural Planning Board and Minnesota Historical Society assessed each monument and memorial, prioritized needed restoration and repair work, and identified an ongoing maintenance plan and budget for each.

**Project Rationale**

The memorials and monuments located throughout the ceremonial grounds and public spaces of the Capitol Complex are in a varying range of conditions. The normal weathering process has taken a toll on many of them, to the point they are beginning to deteriorate rapidly. If significant repairs are not made soon, they will begin to fall apart or have to be dismantled in order to eliminate the safety hazards that will result as they become unstable.

**Other Considerations**

## **Impact on Agency Operating Budgets**

The cost of this project would be collected through the established rent process with interest recovered over 20 years and depreciation over 30 years. Since these monuments, memorials and tribute are part of the Capitol Complex Ceremonial Grounds and the Governor's Residence, the cost for bond interest and depreciation would require an increase to the In Lieu of Rent appropriation. It is expected the annual increase to In Lieu of Rent would be \$186,000.

## **Description of Previous Appropriations**

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## Strategic Plan Update

**AT A GLANCE**

|                             |  |
|-----------------------------|--|
| <b>2016 Request Amount:</b> | \$1,500  |
| <b>Priority Ranking:</b>    | 6  |
| <b>Project Summary:</b>     | \$1.5 million in general funds is requested for commissioning a formal update of the Strategic Plan for Locating State Agencies. |

**Project Description**

The 1993 strategic plan was designed as a visionary plan for meeting state agency space needs in the metropolitan area 1993 to 2013. It is a plan built around development principles and strategies rather than development plans, and focuses on three geographical areas and location strategies:

- **Capitol Area** for agencies with a high degree of interaction with the Legislature, Judicial, the Governor and elected officials, or that have a prior facility investment
- **Capitol City** for agencies with a high degree of interaction with the public and business community or which provide support services
- **Capitol Region** and throughout the State for State government service centers consolidating over-the-counter services at locations near customers

Many of the key operational recommendations in the plan, such as achieving a balance between state-owned and leased space, and those related to property acquisition, design quality and flexibility, parking and transportation management, and energy cost/benefit analyses, have been incorporated into the Department of Administration's plans and processes.

Many of the recommended tactical projects have been completed as well, including;

- Disposition/vacating of: Capitol Square Building (1999), Duluth Government Services Center (2003), 625/635/390 North Robert Buildings (2004), MDH Building on the U of M Campus (2005)
- Acquisition/construction of: Stassen Building(1997), 321 Grove Buildings (1997), Ely Revenue Building(1998), Retirement Systems Building (1999), Bemidji (2001), BCA Building (2003), Andersen, Freeman, and State Lab Buildings (2004), and the Minnesota Senate Building (set to open in 2016).

The principle criteria in the plan for determining where an agency should be located are:

- Agency preference (Capitol Area, City, or Region)
- Agency mission
- Frequency with which it interacts with other state agencies or levels of government and the public

- Specific requirements for space
- Whether the agency has recently made a major facility investment
- and other factors such as potential for telecommuting or adoption of a mobile work environment

Utilizing these criteria, this funding request will be used to:

- Engage appropriate professional and technical services to survey and compile current and projected state agency program, facility, and space needs and requirements
- Assess current space utilization
- Update and reevaluate specific project recommendations
- Assess opportunities for better or different locations and/or space assignments for agencies based on current programmatic plans
- Provide a suggested order of priority for accomplishing the work, and
- Provide budget planning cost estimates for recommended projects.

### **Project Rationale**

The 1993 Strategic Plan for Locating State Agencies established a plan for meeting agencies' space needs during the next 20 years. While the core principles of the plan remain relevant and are still used by the department in decision-making, changes in the operating environment of Minnesota State Government and changes in the way we "office" need to be evaluated and incorporated in the context of creating a strategic facilities master plan for the next 20 years. The strategic plan has not been formally reviewed and updated since 1995. An updated plan will provide critical data and information to decision makers as they consider future state facility development, occupancies, and investment.

### **Other Considerations**

Among other things, per §16B.24 the Commissioner of Administration is authorized to:

- Maintain and operate the State Capitol Building and grounds and all other buildings, cafeterias, and grounds in state-owned buildings in the Capitol Area, and when advisable and practicable, any other building or premises owned or rented by the state for the use of a state agency
- Assign and reassign office space in the Capitol and state buildings
- Regularly update the long-range strategic plan for locating agencies and shall follow the plan in assigning and reassigning space to agencies
- Sell, demolish, or dispose of state-owned buildings upon request from head of agency with control
- Rent out state property that is not needed for public use
- Lease space in state owned buildings under DOA control to state agencies and judicial branch and charge rent based on SF occupied
- Lease land and other premises when necessary for state purposes

### **Impact on Agency Operating Budgets**

**Description of Previous Appropriations**

Legislation (Chapter 558, Section 12, Subdivision 6) was passed in 1992 appropriating \$420,000 from the general fund to complete strategic long-range plan for state agency office space in the metropolitan area.

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## Agency Relocation

**AT A GLANCE****2016 Request Amount:** \$1,500**Priority Ranking:** 7

**Project Summary:** \$1.5 million in general funds is requested for agency relocation funding to facilitate moves of state operations from existing locations when a relocation improves agency operations, yields positive budget impacts, and/or facilitates better service to customers. This funding is also needed to optimize the use of state-owned facilities and backfill pockets of vacant space when agencies downsize or adjust their operations or vacate to other locations. This request is for needs not covered under other capital requests.

**Project Description**

Relocation funding is needed when an unanticipated situation occurs that requires relocation such as a landlord not renewing an agency's lease at its expiration, a facility is sold, an agency needs to reduce space, reorganization needs to be implemented, remodeling needs to be accomplished, or when an agency has an opportunity to substantially reduce its rent.

Because these events are typically of an unforeseen nature for which the agency or the enterprise has not programmed funds, the lack of access to relocation funding can create a disincentive to beneficial moves. Relocation funding is used to cover costs incurred to facilitate relocations, including moving and/or installing furniture and equipment, along with voice and data.

The data center consolidation is an example of an initiative that creates pockets of vacant space in state facilities. Relocation funding will aid in re-purposing the spaces for other uses. Another example might be an office building with underutilized space where a re-stacking or reconfiguration of the existing floors and layouts would allow greater densities and other space efficiencies.

**Project Rationale**

Events that trigger the need for agency and employee moves can arise at any time and are often unexpected. The key to making sure the most is made of these opportunities is ready access to funding to facilitate the projects. Lack of readily available funding either prevents the opportunities from being realized, or requires a reallocation of internal resources.

**Other Considerations**

The commissioner of Administration is charged by statute, M.S. Sec. 16B.24, to lease office space for state agencies in either state-owned or non-state-owned facilities.

When contractual arrangements dictate the need for an agency to relocate, or when the agency believes it must relocate for other reasons, the costs of relocating can be funded in one of three basic ways:

1. Agency Reallocations within Existing Base
2. Capital Budget
3. Biennial (Operating) Budget

The distinction between the three methods is whether or not an appropriation is requested from the Legislature and the timing of that request.

Relocation costs include expenses of the move, as well as any permanent differential between the rental expense of the old and new locations.

### **Impact on Agency Operating Budgets**

If relocation funds are not available, agencies may not be able to reduce space, fully implement reorganization initiatives, accomplish needed remodeling to more effectively and efficiently deliver services, or reduce their rent.

### **Description of Previous Appropriations**

The following are the most recent appropriations to the Department of Administration: 1) 2002 - \$1,500,000; 2) 2003 - \$500,000; and 3) 2005 - \$9,829,000. The majority of the funding in 2005 was to relocate the Departments of Agriculture, Health and Human Services to new facilities on the Capitol campus. In addition, funds were appropriated in 2013 and 2015 for relocations related to restoration of the State Capitol Building.

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## Enterprise Asset Preservation

**AT A GLANCE****2016 Request Amount:** \$32,000**Priority Ranking:** 8

**Project Summary:** \$32M in state funds to address asset preservation needs for the state's real property holdings. Executive Branch agencies manage 5,494 state-owned buildings with a total of 29.2 million square feet. Centralized state data reveals that the enterprise has more than \$160M in deferred maintenance that is deemed at crisis level condition. This appropriation is based on 20 percent of deferred maintenance at the critical level.

**Project Description**

The enterprise asset preservation funding will help agencies reduce the backlog of the critical deferred maintenance on state-owned facilities. The projects are identified by the state agencies with custodial control of the facilities and their priority will be based upon the data. The funding would be appropriated to the Department of Administration for facilities under its custodial control and to the appropriate agencies for the other identified facilities.

**Project Rationale**

Asset Preservation funding is generally considered on a case-by-case basis without the context of an enterprise perspective on the totality of need. The development and consistent utilization of the Enterprise Real Property (ERP) system provides the opportunity to better understand the scope of critical maintenance and repairs that are necessary but have been deferred due to budgetary situations.

A 2014 Condition Assessment report identified more than \$9 billion in deferred maintenance costs among state agencies. Nearly \$7 billion in deferred maintenance is classified as at the crisis or poor levels.

M.S. §16A.633, Subdivision 1 requires state agencies to report facility condition assessments to the Commissioner of Administration. Reporting of this data is necessary in order for agencies to receive capital funding. A condition assessment provides detailed information about current building deficiencies, and the data helps to inform the development of asset preservation projects. It also assists agencies in planning and prioritizing which facility assets need to be repaired or replaced.

Condition Assessments will estimate the costs associated with renewal, repair, and code compliance issues, and determine both the immediate and long-term cost liabilities for building component lifecycle renewal, deferred maintenance, and functional inadequacies, based on industry-standard cost databases such as RSMeans. This information allows agencies to not only address current operational requirements, but also improve facility renewal forecasting and capital funding scenarios for capital project planning efforts.

## **Other Considerations**

Failure to maintain state facilities and make necessary repairs will render buildings unsafe and exacerbate the cost and scope of asset preservation projects.

M.S. §16A.633, Subdivision 1 requires state agencies to report facility conditions assessments to the Commissioner of Administration. M.S. §16A.11 Subd. 6 requires that the detailed operating budget and capital budget must include amounts necessary to maintain and better state buildings. The commissioner of management and budget, in consultation with the commissioner of administration, the Board of Trustees of the Minnesota State Colleges and Universities, and the regents of the University of Minnesota, shall establish budget guidelines for building maintenance and betterment appropriations. Unless otherwise provided by the commissioner of management and budget, the combined amount to be budgeted each year for building maintenance and betterment in the operating budget and capital budget is one percent.

## **Impact on Agency Operating Budgets**

### **Description of Previous Appropriations**

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