



Strategic Facilities Plan

State of Minnesota

Department of Administration
Real Estate and Construction Services (RECS)

November 2022

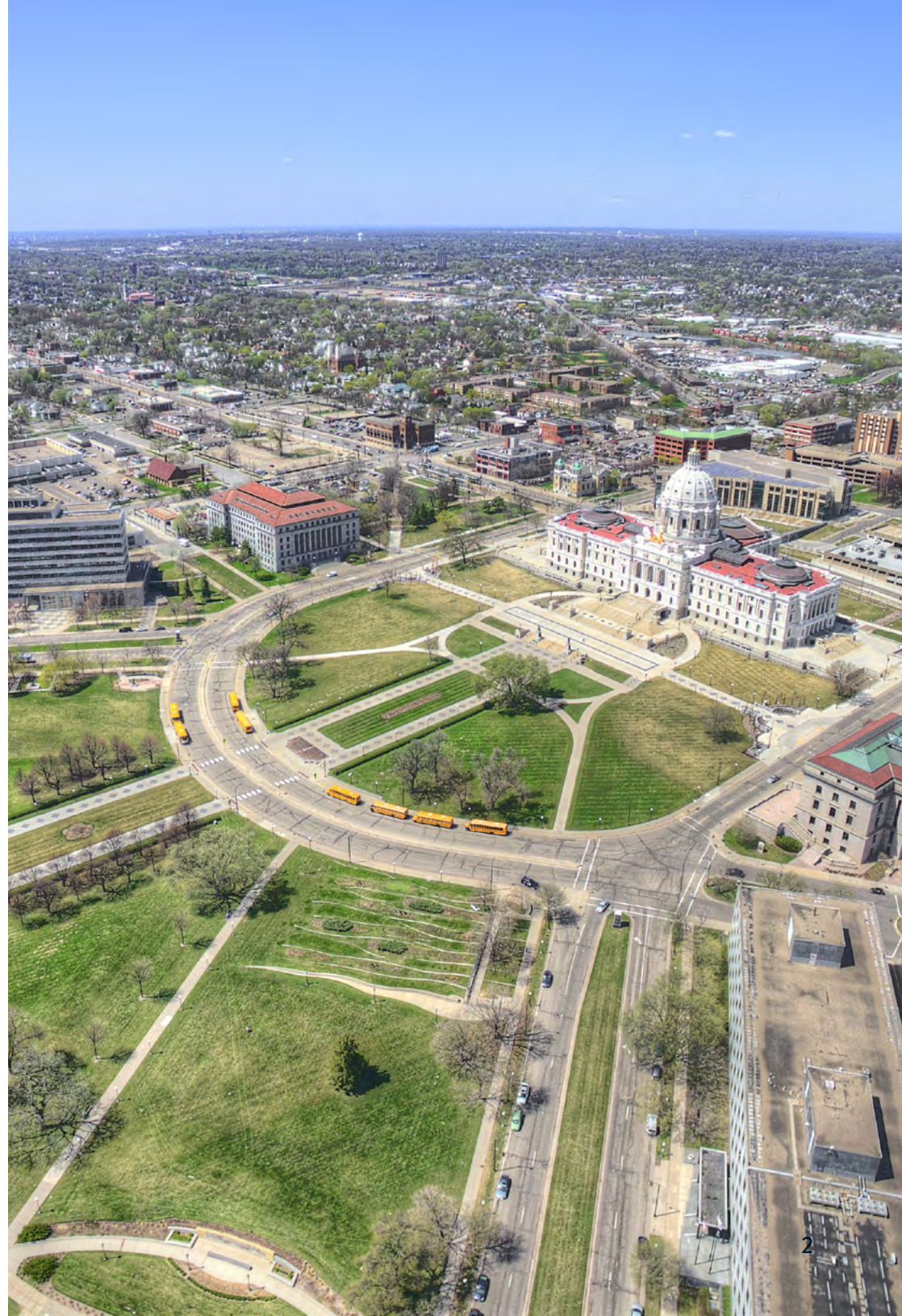
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Introduction Letter



Minnesota Department of Administration
50 Sherburne Ave, Suite 200
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Attn: Wayne Waslaski, Interim Assistant Commissioner
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wayne.waslaski@state.mn.us

November 14, 2022

Dear Interim Assistant Commissioner Waslaski,

On behalf of CBRE, Inc. and Walker Consultants, thank you for the opportunity to work collaboratively with you and your team on this Strategic Facilities Plan.

With your support, the CBRE team has analyzed almost three million square feet of owned and leased office space in the Capitol Complex and downtown St Paul and another three million square feet in additional markets. We have interviewed and surveyed almost 5,000 hard-working State employees and leaders, hosted multiple working sessions, and become very familiar with the State of Minnesota's real estate portfolio and the efforts of your dedicated staff to maintain and operate it.

Like many initiatives and efforts, our engagement has been predicated on the effects of the COVID-19 pandemic, which has had ripple effects throughout our state, country, and society writ large. Every sector of our economy and daily lives have been affected by the varying impacts of the pandemic, and employees' relationship with their office space has been no exception.

Minnesota has so far taken an employee-centric approach to its ongoing and future occupancy and is embracing teleworking in accordance with business needs and employee preferences on an agency/department basis. As a result CBRE uncovered significant efficiencies and real estate savings opportunities.

Through this study, CBRE has reviewed the State's current occupancy in selected buildings on the Capitol Complex and in downtown St Paul to develop recommended densification and efficiency measures to more effectively use owned and leased space. This study is particularly timely in light of the substantial vacancy created by telework.



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Our report recommends densification and backfilling to significantly reduce your occupancy in and around the Capitol Complex.

This analysis includes parking scenarios delivered by Walker Consultants in a technical appendix to support Admin's Facilities Management Division (FMD) to effectively manage your parking inventory going forward.

It is our hope that these recommendations provide a clear path for efficiency and cost-savings for Admin and your hard-working staff. We look forward to your feedback and to working with you to implement these recommendations at your direction.

Sincerely,

Anne P. Rahm

Anne P. Rahm
Midwest Regional Manager
CBRE Public Institutions & Education Solutions

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Executive Summary

Executive Summary

Introduction – Project Overview & State Goals

Following a competitive procurement in 2021 under SWIFT Event ID: 2000011295, CBRE, Inc. and Walker Consultants were engaged by the State of Minnesota’s Department of Administration - Real Estate and Construction Services (RECS) team. The objective of the engagement was to undertake “Strategic Facilities Planning for Current Leased and Owned Office Space and Parking and Transit Study for State Owned, Leased and Street Parking on the Capitol Complex, State of MN” (“the Plan”).

The goal of the Plan is to develop strategies to lease and own facilities that:

- Support the delivery of programs and services expected by the people of Minnesota
- Are healthy, safe and sustainable
- Are used efficiently
- Use taxpayers’ funds effectively

Specifically, Admin was seeking to determine the long-term facilities and parking needs of state government following a significant shift to telework among State employees, and in recognition of “the new normal” of the COVID-19 pandemic.

The impact of the pandemic on professionals’ relationships with their office space has been profound, evolving, and varied across industries, geographies, and sectors. In Minnesota, hard-working State employees quickly adapted to remote work operations, collaborating remotely and working flexibly to continue to deliver the services your taxpayers and citizens expect. Admin has considered the State’s business needs, citizen accessibility, and the viability of remote work as compared to its mission when authorizing teleworking arrangements.

The move to telework has resulted in reduced agency space requirements at the Capitol Complex and significant corresponding vacancy. The vacancy created by telework provides opportunities for the State to reduce its overall space footprint by using space more efficiently which potentially avoids associated operating costs as a result.

The demand for teleworking contributes to the growing challenge of attracting and retaining employees. The preference for flexibility in both the public and private sector is coupled with employee demands for amenities and conveniences at the workplace. This challenge is furthered for such government employers as the State of Minnesota due to limitations on uses within state-owned assets.

An important subtext of this study is Admin’s interest in optimizing the use of owned real estate on the Capitol Complex. Most state capitol campuses consist of owned, historic, and landmark real estate that is likely to remain under state ownership in both the near and long terms - Minnesota is no exception. As a result, using owned real estate at the Capitol Complex to its maximum efficiency is a high priority.

Through interviews, surveys, physical space assessment, analysis, and industry best practices, CBRE and Walker have developed recommendations to densify your occupancy into your owned portfolio at the Capitol Complex, in scenarios that accommodate your staff’s occupancy and parking needs.

Project Scope & Approach

Three Components

The RFP outlined several task areas for study which we grouped into the following categories identified below:

Space Utilization Analysis

- Identify opportunities for space consolidation and reconfiguration resulting from telework plans implemented by state agencies, boards and councils in accordance with MMB's Telework Policy HR/LR Policy #1422 and the Office Reopening Tool Kit
- Identify private and public sector benchmarks and best practices and make recommendations for space utilization in hybrid telework environment
- Identify private and public sector benchmarks and make recommendations for modern work environments; provide roadmap for transitioning current work environments in an affordable manner
- Identify opportunities and cost/benefit for co-location of state agencies, boards and councils
- Identify private and public sector benchmarks for amenities necessary to retain existing workforce and recruit new team members and for team member well-being
- Identify benchmarks for the type, quantity and location of spaces needed to support agencies' business needs
- Gather stakeholder feedback on proposed space changes
- Facilitate engagement with all branches of government, CAAPB, local neighborhood, accessibility / disability groups and other stakeholders to ensure broad input on strategic plan
- Provide final recommendations for achievable and affordable facilities strategies and projects to support agencies' business needs.

Portfolio Analysis

- Analyze current lease costs and market trends in markets with over 50,000 sq.ft. of state occupied space across the State and complete a comparative analysis with existing leases
- Obtain and analyze current operating cost and asset preservation benchmarks for comparable private and public sector facilities
- Provide recommendation on percentage of owned and leased office space
- Provide life-cycle cost analysis on leasing and ownership solutions for proposed projects over 100,000 sq.ft.
- Provide life-cycle cost analysis on remodeling / renovation proposed projects over 100,000 sq.ft.

Parking & Transit Study*

- Understand & evaluate existing conditions
- Estimate future demand for parking and transit on the Capitol Complex
- Identify best practices for parking and transit solutions on the capitol Complex
- Recommend changes needed to develop a blended parking and transit system in the Capitol Complex.

*Provided as a separate technical appendix

Project Scope & Approach

Research Questions

CBRE's engagement was designed to support Admin and RECS to determine answers to the following questions:

- 1 How do we best support the delivery of programs and services to the public?
- 2 What is the most effective and efficient use of our space factoring in flexible workspaces?
- 3 What are our future projected space needs and highest and best use for owned sites to optimize the portfolio?
- 4 How do we project parking needs on the Capitol Complex and implement best practices?

In order to develop a workplace strategy that supports the needs of the State of Minnesota, we gathered various data inputs from leaders and employees from February to July 2022 through the following research process:



Buildings In Scope

Minnesota state agencies have extensive and diverse real estate needs. The State owns a total of 36 million square feet in more than 6,000 buildings. Additionally, Admin leases over 3.8 million square feet of space for state agencies with annual rent totaling more than \$80 million. The property types include office space, storage and warehouse space, workforce centers, residential facilities, hospitals, training centers, correctional facilities, environmental monitoring sites, boat slips, laboratories, driver vehicle exam stations, communication facilities, probation offices, and licensing centers.

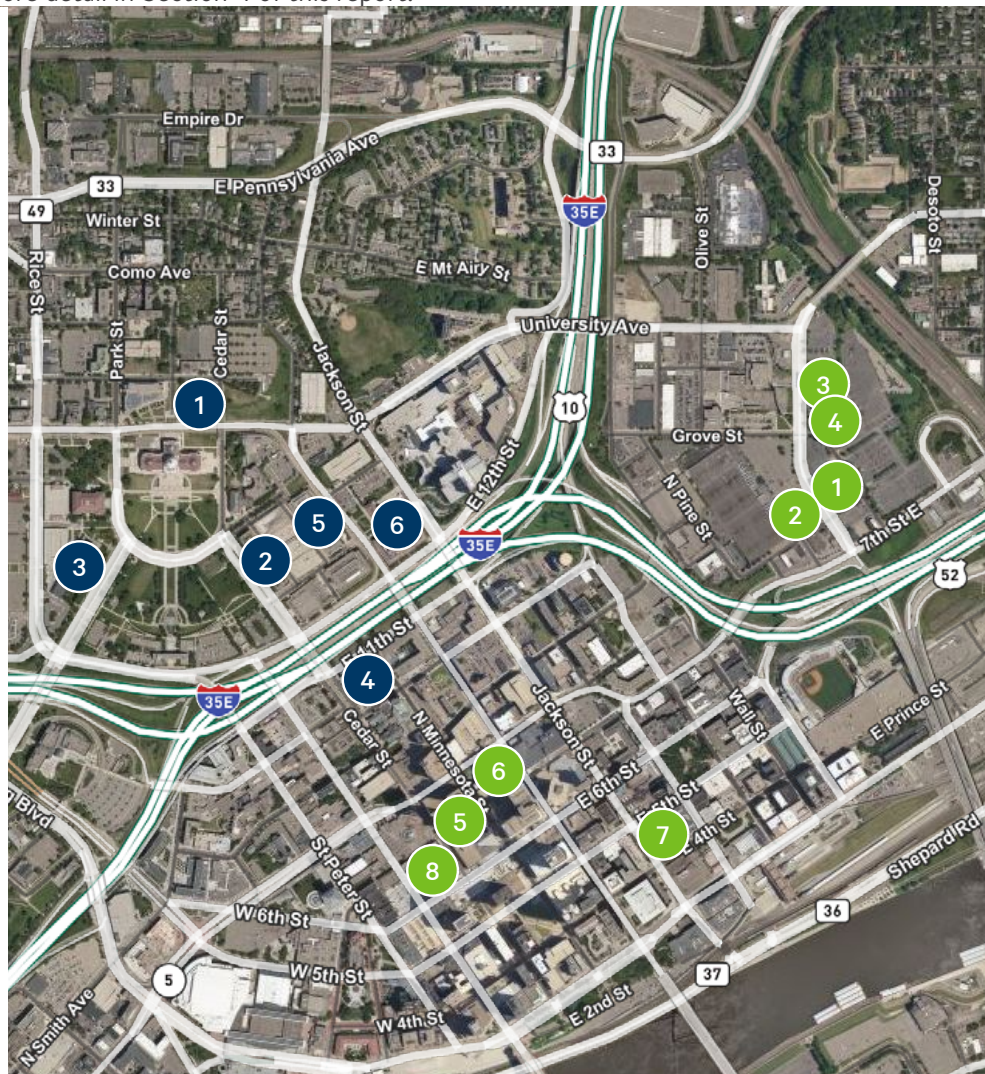
For the purposes of this study, CBRE reviewed various subsets of the portfolio with a focus on office space, providing space utilization analysis and corresponding recommendations for six owned buildings at the Capitol Complex and ten leased buildings within downtown St Paul and in Minneapolis, shown below and totaling 2,993,412 USF. The leased properties below were selected based on their size of greater than 50,000 USF. CBRE also provided portfolio analysis throughout the greater leased portfolio, described in more detail in Section 4 of this report.

Owned In-Scope Buildings

- 1 Administration Building
50 Sherburne Ave
Saint Paul
- 2 Centennial Office Building
658 Cedar St
Saint Paul
- 3 Transportation Building
395 John Ireland Blvd
Saint Paul
- 4 Andersen Building
540 Cedar St
Saint Paul
- 5 Freeman Office Building
625 Robert St N
Saint Paul
- 6 Stassen Building
600 Robert St N
St Paul

Leased In-Scope Buildings

- 1 444 Lafayette Rd
444 Lafayette Rd N
Saint Paul
- 2 443 Lafayette Rd
443 Lafayette Rd N
Saint Paul
- 3 520 Lafayette Rd
520 Lafayette Rd N
Saint Paul
- 4 500 Lafayette Rd
500 Lafayette Rd N
Saint Paul
- 5 Town Square Center
445 Minnesota St
Saint Paul
- 6 Golden Rule Building
85 7th Pl E
Saint Paul
- 7 Great Northern Building
180 5th St E
Saint Paul
- 8 400 Wabasha St N
Saint Paul
- 9 1450 Energy Park Dr
Saint Paul
- 10 400 Stinson Blvd
Minneapolis



In-Scope Building Index

CBRE reviewed building performance across the six owned and ten leased properties (greater than 50,000 USF) specified below. Several areas of note are identified in the below Building Index:

| | Owned | | | | | | Leased | | | | | | | | | |
|----------------------------|------------|------------|-----------|----------------|------------|------------|------------------|------------------|------------------|------------------|--------------------|----------------------|-------------------------|----------------|---------------------|------------------|
| | Freeman | Stassen | Andersen | Transportation | Centennial | Admin | 444 Lafayette Rd | 443 Lafayette Rd | 520 Lafayette Rd | 500 Lafayette Rd | Town Square Center | Golden Rule Building | Great Northern Building | 400 Wabasha St | 1450 Energy Park Dr | 400 Stinson Blvd |
| Total USF | 258,853 | 328,590 | 335,557 | 263,211 | 213,224 | 58,389 | 280,172 | 103,958 | 166,129 | 140,440 | 196,560 | 227,512 | 146,790 | 60,982 | 117,888 | 95,085 |
| Building Headcount | 1,341 | 1,259 | 1,625 | 1,148 | 1,079 | 374 | 1,156 | 362 | 728 | 618 | 700 | 1,007 | 725 | 265 | 375 | 440 |
| USF Per Employee | 193 | 261 | 206 | 229 | 198 | 156 | 242 | 287 | 228 | 227 | 281 | 226 | 202 | 230 | 314 | 216 |
| Major Tenants | MDH, MDA | DOR, OAH | DHS | MnDOT | MMB | Admin | DHS | DLI | PCA | DNR | AG, DPS | COMM, MDH | DEED | HFA | DOC | MDE |
| Proximity to Complex | In Complex | In Complex | 0.6 Mi | In Complex | In Complex | In Complex | 1.7 Mi | 1.3 Mi | 1.2 Mi | 0.8 Mi | 0.6 Mi | 1.3 Mi | 1.1 Mi | 0.6 Mi | 4 Mi | 9 Mi |
| Building Condition | Excellent | Good | Excellent | Average | Poor | Average | Good | Good | Excellent | Fair | Good | Good | Good | Excellent | Average | Good |
| Annual Rent/Employee FY22 | N/A | N/A | N/A | N/A | N/A | N/A | \$5,392 | \$5,627 | \$5,077 | \$5,043 | \$6,547 | \$5,915 | \$4,927 | \$6,133 | \$7,276 | \$4,333 |
| Annual OPEX/Employee FY 22 | \$7,288 | \$4,300 | \$7,862 | \$4,570 | \$3,829 | \$3,871 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual OPEX FY22 | \$9.8M | \$5.4M | \$12.8M | \$5.2M | \$4.1M | \$1.4M | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual OPEX/USF FY22 | \$37.73 | \$16.43 | \$38.04 | \$19.57 | \$19.29 | \$24.73 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Lease Expiration | N/A | N/A | N/A | N/A | N/A | N/A | 6/30/26 | 9/30/28 | 12/31/28 | 6/20/26 | 9/30/28 | 7/31/2024 | 7/31/31 | 8/31/27 | 6/30/27 | 5/31/32 |

Denotes highest value in the category

Denotes lowest value in the category

Note: Opex for Freeman and Andersen include Debt Service and Building Replacement Funds for existing bonds maturing in 2027. Exclusion of these costs results in Opex for Freeman and Andersen of \$13.68 /USF and \$17.19 /USF, respectively resulting in the lowest cost/SF on the Complex.

Data source: Lease & Owned mn-all-leases-by-end-date-report-2022-01-20105419.794.xls

Summary of Findings on Capitol Complex

Significant opportunity to densify Capitol Complex, reduce leased footprint, and use space more efficiently

As a result of the State's transition to telework and through the research and analysis of our study, CBRE has developed recommended densification measures described below. Additional detail about these recommendations, their details, and rationales are provided in the body of this report. Admin can capture significant savings in rent by adopting these changes while still accommodating your existing and projected workforce.

Adapting to telework through densification makes the best use of the significant vacant space available at the Capitol Complex.



Consolidate into Capitol Complex

Policy Changes

- Adopt space standard of 175-200 USF/person
- Adopt weighted average workspace sharing ratio of 1.3 : 1 which assumes a continuation of flexible work policies as reflected in staff and leadership surveys and Return to Office (RTO) guidance

Lease Actions

- Consolidate state agencies to Capitol Campus from leased facilities

Owned-Building Actions

- Near term: Demolish Ford Building for redevelopment
 - Long term: Demolish Centennial Office Building for redevelopment
-

Off of the Capitol Complex, we recommend the consolidation of the additional leases currently in regional "hubs" to be one location per area. These new hub locations should apply the same space standards and sharing ratios described above.

Summary of Findings on Capitol Complex

Significant Square Footage Available

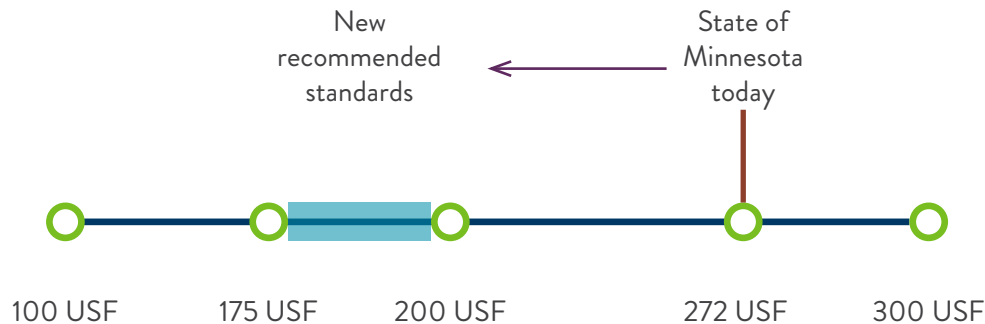
By the time of our study, 84% of CBRE-surveyed Minnesota state agency leaders expect to have employees teleworking in the future, while 90% believe they are effectively able to manage/lead their teleworking teams. The move to telework has resulted in reduced agency space requirements at the Capitol Complex and significant corresponding vacancy. The vacancy created by telework provides opportunities for the State to reduce its overall space footprint by using space more efficiently which potentially avoids associated operating costs as a result.

Adapting that vacant space into a usable occupancy strategy going forward will be facilitated through two actions by Admin:

1. Applying a uniform space standard going forward, and
2. Adopting a shared workspace model with a weighted average sharing ratio of 1.3 employees per work station.

1. Apply a uniform space standard

- Apply a uniform space standard of 175 - 200 USF per person. Currently the State is operating at approximately 272 USF per person which is higher than many of your public sector peers. Applying this more efficient space standard will support the densification of space going forward and a more efficient occupancy profile.



36% more seats are available in existing owned space through the implementation of space standards

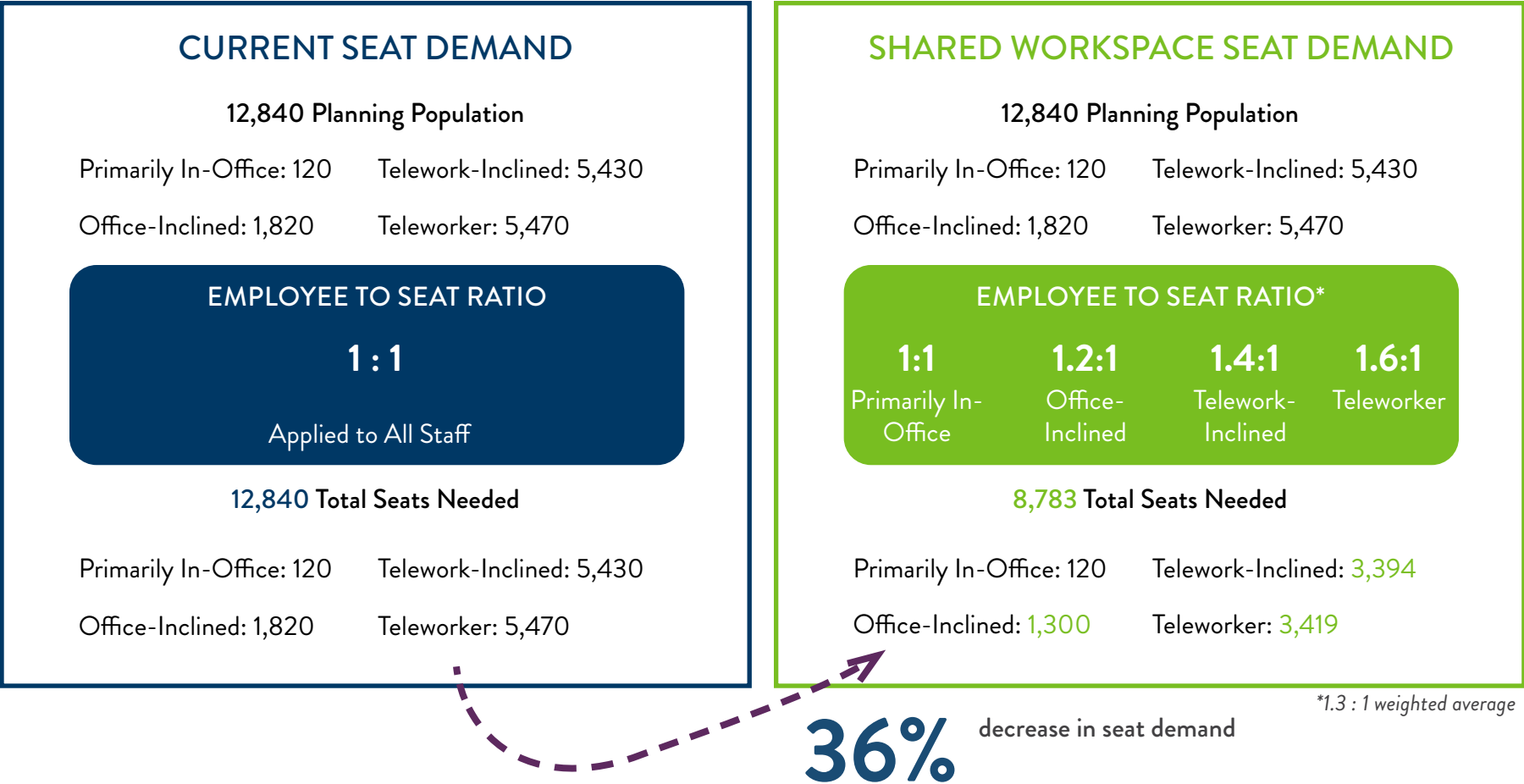
Note: Densification and implementation of new space standards would require investment in new furniture and construction to right-size existing spaces and to re-align seat supply with the new headcount demand.

Summary of Findings on Capitol Complex

Significant Square Footage Available

2. Apply shared workspace ratios to reflect reduced staff in the office

- Adopt a weighted average workspace sharing ratio of 1.3 : 1 to appropriately reflect the amount of people in the office at any given time and reduce the amount of work spaces required. By reducing the number of workstations available and implementing a shared/free address model, the State can provide thousands fewer workstations across its departments while still having enough to seat employees that do come to the office.
- We estimate that moving to a shared desk/hoteling model will reduce the amount of total seats needed by over 4,000.



Summary of Findings on Capitol Complex

Available Vacancy in Owned Space Enables Reduction in Leased Space


The findings on page 11 reflect significant changes to the State's occupancy in downtown St Paul. Following surveys, interviews, and space analysis, CBRE determined that the vacancy created in owned space by telework, space standards, and shared work stations will allow for the following densification from leased space to owned. The available vacancy in the below owned buildings more than allows for the space needs of incoming staff, as is shown through the difference between the Building USF and the Future Total USF Demand once new departments and agencies move in. We recommend reviewing existing leases on a case by case basis to identify opportunities to move departments into owned space.

Scenario 1: Consolidate into One Area: Capitol Complex

- Adopt space standards of 175-200 USF/person
- Apply weighted average sharing ratio of 1.3:1 across the properties
- Sunset major leases and consolidate state agencies to Capitol Campus from leased facilities

Note: These moves detail moves from leased locations with greater than 50,000 USF only. Given the additional remaining vacancy in the owned portfolio (see Future Total USF Demand column), there is the opportunity to further densify these buildings by moving smaller leases from downtown St Paul into the six owned buildings. This is an area for future study.

Densified headcounts will fit into owned space assuming a weighted average 1.3 : 1 sharing ratio and typical expected attendance under telework policies



| Building | Building USF | Current Tenants | Current Headcount | Future Headcount | Future Total USF Demand |
|----------------|--------------|-------------------|-------------------|------------------|---------------------------|
| Freeman | 258,853 | MDA MDH | 500 734 | 3,369 | 188,675 (73% occupied) |
| Stassen | 328,590 | DOR | 1,500 | 2,833 | 94,241 (29% occupied) |
| Andersen | 335,557 | DHS MNIT | 2,034 1,236 | 4,345 | 60,498 (18% occupied) |
| Transportation | 263,211 | MnDOT | 1,012 | 1,412 | 104,411 (40% occupied) |
| Administration | 58,389 | Admin Security | 504 85 | 1,102 | 37,904 (65% occupied) |

**Programming details are based on conservative sharing ratio and calculated "typical" expected attendance*

Summary of Findings on Capitol Complex

Near Term Demolition Opportunity: The Ford Building

Built in 1914, the Ford Building is located at 117 University Avenue W. Saint Paul, adjacent to the Capitol Complex. The building is 32,148 SF, and has been vacant since 2004.

The Ford Building is currently costing approximately \$35,000 annually to maintain. Due to the deterioration of the roof, the building is experiencing considerable water damage and accumulation of mold which will require significant costs to repair and remediate.

At the request of the RECS, CBRE prepared a lifecycle cost analysis to develop a new 246,000 SF building with a 651 space parking structure on the existing site. The projected costs to do so is \$126 million or \$513/SF. This translates to an average occupancy cost of \$37.45/SF and \$26.74/SF over the next 30 years on a non-discounted and NPV basis, respectively.



Summary of Findings on Capitol Complex

Long Term Demolition/Redevelopment Opportunity: Centennial Office Building

The Centennial Office Building (COB) is located at 658 Cedar Street on the Capitol Complex in Saint Paul. COB is 213,224 USF and was officially home to over 1,000 employees prior to teleworking. Occupying departments include Minnesota Management and Budget (major tenant), Department of Administration, the Minnesota Campaign Finance and Public Disclosure Board, Minnesota Office of the Legislative Auditor, MNIT Services, Senate (major tenant), the Minnesota Council on Latino Affairs, and the Council on Asian-Pacific Minnesotans.

COB is in below average condition and would require improvements in order to attract and retain employees. At the request of RECS, CBRE prepared three cost analyses for COB based on the following:

1. Complete renovation of existing footprint
2. Complete renovation and addition of one story
3. Demolition and development of a 375,000 SF replacement facility.

The costs of these renovation/development scenarios range from \$102M - \$149M. Based on these costs we recommend alternate approaches to either use the existing square footage without a complete renovation or demolition of the building

In the near term, COB can be used for swing space during implementation of the densification recommendations, conference space, and other temporary uses that may be helpful to Admin.

Should the State choose to maintain ownership of COB, the space could focus on public-facing services. Such offerings would increase visitations and awareness to the campus as well as generate parking revenue. It is assumed that security measures would be implemented to accommodate such alternative uses.

In the long term, the square footage at COB may not be required to accommodate the State's ongoing occupancy based on the recommendations in the Facilities Strategic Plan being implemented. If desired, the State can relieve itself from annual operational costs of \$4.1M per year and required renovations estimated at \$320/SF.



Summary of Findings, Other Portfolio Analysis

Lease Costs & Trends in Markets with Over 50,000 SF of State-occupied Space

Following an in-depth review of seven markets where the State occupies greater than 50,000 SF, our analysis found that the State generally negotiates more favorable terms than market transactions.

Those terms include operating expense caps, cancel rights, improvement allowances, use of their own lease form, special HVAC provisions, Furniture, Fixtures and Equipment allowances, rent expense on a usable square foot basis, leverage to obtain base building repairs, turnkey improvements versus allowance caps, reduced parking rents, reduced storage rents, timing of rent payments (end of the month) etc.

Areas where the State could improve rent and business terms within its leased portfolio:

- Longer renewal terms
- Escalations applied only to net rent
- Lease in single story suburban buildings where rents and parking costs are typically lower
- Combine offices in areas to get a higher USF
- Explore speculative space options that have FFE included with shorter terms
- Seek suites that have glove-fit existing improvements to keep such costs down thereby lowering overall rent. This strategy can also be applied to renewals.
- Seek energy efficient spaces

Please see Section 4 of this report for a market-by-market analysis.

Operating Costs Benchmarked to Market & Peers

CBRE analyzed and compared operating expenses among six State-owned buildings to those of its peers using multiple research sources. The comparison chart can be found in Section 4.

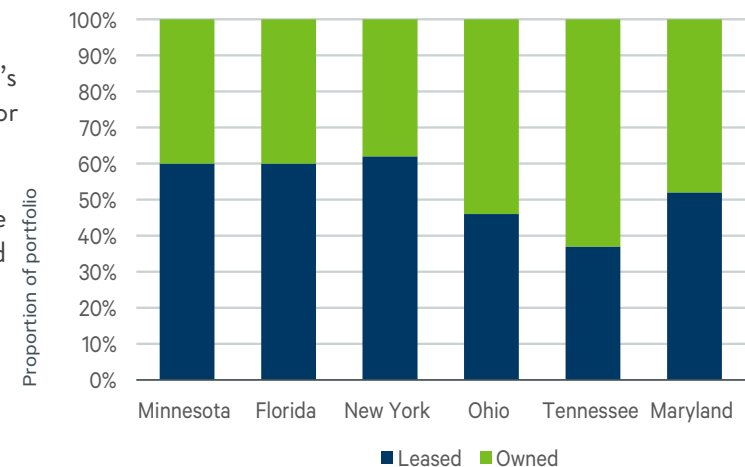
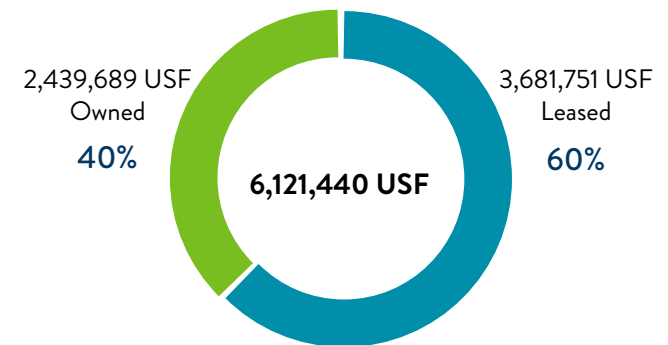
It is CBRE's observation that operating expenses per building incurred by the State are in line with the market, if not lower. Some of these below-market trends are due to the fact that the State does not pay real estate taxes on its owned assets, unlike private owners. When real estate taxes are removed from the private sector owned asset data, the State's operating costs are higher than market. This is in part attributable to the nature of the State's portfolio; the majority of the buildings are mid-century design and construction and are not designed to modern sustainability and efficiency standards. In addition, certain costs are required to be covered in the State's operating costs that are not included in private sector leases. As a result, potential cost savings from the elimination of real estate taxes are offset by higher operating costs associated with these features of the buildings. Ongoing diligent management of deferred maintenance will enable the State to continue to perform competitively against the private sector market on the operating costs metric.

Contributions to the State Building Replacement Funds are budgeted as part of the issuance of lease-purchase financing on the Andersen, Freeman and Senate Buildings. These contributions are calculated by the State at \$1/USF. Our analysis discovered that private sector market capital reserve funds are typically budgeted at \$0.25/SF, well below the State's guideline.

Owned versus Leased Office Space

Overall the State's proportion of owned versus leased space is in line with peer entities including New York, Florida, Maryland, and Ohio.

Portfolio by Usable Square Feet



Please see Section 4 of this report for additional details.

Summary of Findings, Other Portfolio Analysis

Life Cycle Cost Analysis - Ford Building and Centennial Office Building

At the request of RECS, CBRE prepared three cost analyses for Centennial Office Building based on:

- Complete renovation of existing footprint
- Complete renovation and addition of one story
- Demolition and development of a 375,000 SF replacement facility.

The costs of these renovation/development scenarios range from \$102M - \$149M.

RECS also requested a 30-year life-cycle cost analysis for the replacement of the Ford Building which assumes the replacement of Ford by a 246,000 square foot office building and a 238,917 square foot parking structure. The cost of this new building is \$126M excluding demolition.

Lease versus Owned Analysis - Ford Building and Centennial Office Building

At the request of RECS, CBRE performed a Lease vs. Own analysis for COB and the Ford Building. In order to understand the true cost of ownership, the analyses applied values to the buildings in Year 30 which proved the ownership option to be more cost effective.



Summary of Findings, Parking & Transit

Parking Operations

The Walker Consultants team prepared a Parking and Mobility Strategic Plan as an appendix to this report to complement the recommendations regarding office space densification in the reduced occupancy environment of the Capitol Complex. The strategic plan documents the current state of Admin operated and managed parking (focusing on Admin owned parking), transit, and mobility on the Capitol Complex in St. Paul, and provides a guiding framework for future operations and management of these programs. Separated into five distinct chapters, the strategic plan serves as a technical appendix to the broader strategic facilities plan prepared by CBRE.

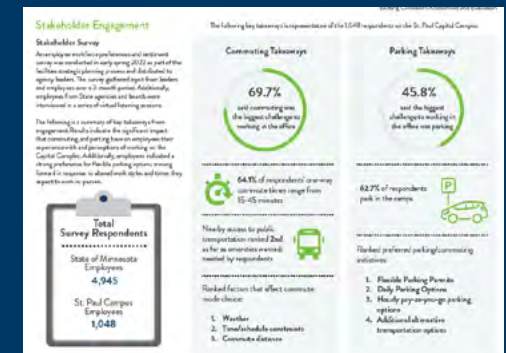
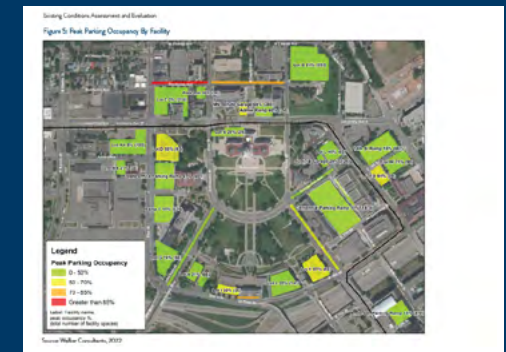
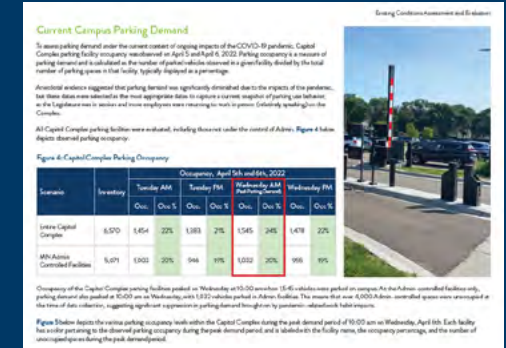
The analysis and the considerations focus on all Department of Administration owned and leased parking facilities on the Capitol Complex in St. Paul (north of I-94 and west of Jackson Street), in addition to the mobility services, programs, and options providing access to the Capitol Complex. These parking and mobility facilities, programs, and services provide access to the Capitol Complex for employees and visitors alike. Minnesota State Statute 16B.58 authorizes the Department of Administration to operate parking facilities under the custodial control of Admin. Admin Facilities Management Division (FMD) is the specific entity within the Department of Administration that operates and manages parking.

Walker's analysis confirmed anecdotal evidence suggesting that parking demand was significantly diminished due to the impacts of the pandemic; peak parking occupancy at the entire Capitol Complex and specific-Admin controlled facilities did not exceed 25% on representatively sampled days.

Based on parking facility proximity, observed parking demand and use patterns, and engagement with Admin personnel and Capitol Complex stakeholders, Lot AA, and Lot BB should be considered the highest priority parking facilities as candidates for removal/repurposing to other uses.

Lot H may also be a candidate for a removal/repurposing depending on the continued evaluation of facility use. Any removal/repurposing of parking should be deliberately considered to ensure that all user types and needs are properly accommodated within the system.

This report has been submitted separately to Admin for review and contains Walker's detailed methodology and findings across contract, hourly, and on-street parking modalities.



Participants

This study was conducted under the leadership of the Minnesota Department of Administration, Real Estate and Construction Services (RECS) team and made possible by the participation, candor, and time contributed by RECS leadership and the below departments, agencies and boards of the State of Minnesota.

State of Minnesota Departments & Agencies

- Minnesota Department of Administration (Admin)
- Minnesota Department of Agriculture (MDA)
- Minnesota Department of Commerce (COMM)
- Minnesota Department of Corrections (DOC)
- Minnesota Department of Education (MDE)
- Minnesota Department of Employment & Economic Development (DEED)
- Minnesota Department of Health (MDH)
- Minnesota Housing Finance Agency (MHFA)
- Minnesota Department of Human Rights (MDHR)
- Minnesota Department of Human Services (DHS)
- Iron Range Resources and Rehabilitation Board (IRR)
- Minnesota IT Services (MNIT)
- Minnesota Department of Labor & Industry (DLI)
- Minnesota Management & Budget (MMB)
- Minnesota Department of Military Affairs (DMA)
- Minnesota Department of Natural Resources (DNR)
- Minnesota Office of Higher Education (OHE)
- Minnesota Pollution Control Agency (MPCA)
- Minnesota Department of Public Safety (DPS)
- Minnesota Department of Revenue (MDOR)
- Minnesota Department of Transportation (MnDOT)
- Minnesota Department of Veterans Affairs (MDVA)

Other State of Minnesota Entities

- Minnesota Lottery
- Minnesota Council on Disability
- Office of the Ombuds for Corrections
- Minnesota Public Utilities Commission
- Sentencing Guidelines Commission
- MNsure
- Professional Educator Licensing and Standards Board
- Minnesota Board of Dentistry
- Minnesota Board of Chiropractic Examiners
- Minnesota Board of Cosmetology
- Minnesota Board of Psychology
- Minnesota Barber Examiners Board
- Capitol Area Architectural & Planning Board

Additional Stakeholders Consulted

- City of St Paul

Glossary of Terms

Definitions based on State of Minnesota standards and common industry terms:

Usable Square Footage (USF): usable space is dedicated or shared space used for office/storage/production functions. It is calculated by measuring from the inside finished surface of exterior walls to the inside finished surface of building corridor and other permanent walls or to the center of walls demising the usable area from adjacent tenant space. Measurement is taken from the exterior wall glass line only if more than fifty percent (50%) of the wall (measured vertically) is glass.

Excluded from the usable square feet measurement are:

- vertical shafts
- elevators
- stairwells
- dock areas
- mechanical, utility and janitor rooms
- restrooms, corridors, lobbies and receiving areas accessible to the public;
- each and every column and/or pilaster within the usable area of four (4) square feet or more; and
- each and every column and/or pilaster attached to the exterior or demising wall within the usable area

Rentable Square Footage (RSF): rentable space includes usable space and space that supports building functions:

- usable space (office and storage)
- dock areas
- mechanical, utility and janitor rooms
- restrooms, corridors, lobbies and receiving areas accessible to the public;
- each and every column and/or pilaster within the usable area of four (4) square feet or more; and
- each and every column and/or pilaster attached to the exterior or demising wall within the usable area

Gross Square Footage (GSF): gross space is calculated by measuring from the inside finished surface of exterior walls. Measurement is taken from the exterior wall glass line only if more than fifty percent (50%) of the wall (measured vertically) is glass. Gross space includes usable, rentable and vertical areas (stairwells, elevator/mechanical shafts, plumbing/utility chases, atriums, etc.).

Headcount: Number of people accommodated or assigned to a space.

Seat Count: Number of individual work seats provided. Seats may be in the open workspace environment (workstation) or within in a private office.

Collaboration ratio: The ratio of seats provided in enclosed meeting rooms and open collaboration areas to the total individual seat count (does not include focus rooms).

Open/Closed Percentage: Percent of individual work seats provided in the open workspace environment (workstations) vs. those provided in a room with full height walls (private or shared office).

Me Space (Individual Space): Portion of Usable Area allocated towards individual assigned and unassigned workspace, including offices and workstations.

We Space (Collaboration Space): Portion of Usable Area intended to directly support the work performed in the workspace. Includes meeting rooms, open collaboration areas, break rooms, production spaces and filing.

Amenities: Portion of Usable Area that provides shared support and special or mission-critical functions. Includes food service, fitness, training room, reception.

3













Space Utilization Analysis

Research Activities

In order to develop a workplace strategy that supports the needs of the State of Minnesota, we gathered various data inputs from leaders and employees from February to July 2022 through the following research process:



Key Themes and Consensus

| | | | | | |
|--|--|--|---|--|--|
|  <p>Technology</p> |  <p>Collaboration</p> |  <p>Office Drivers</p> |  <p>Flexibility</p> |  <p>Parking & Commute</p> |  <p>Amenities</p> |
|  <p>MEDIUM</p> <p>Level of Consensus</p> |  <p>HIGH</p> <p>Level of Consensus</p> |  <p>MEDIUM</p> <p>Level of Consensus</p> |  <p>HIGH</p> <p>Level of Consensus</p> |  <p>HIGH</p> <p>Level of Consensus</p> |  <p>HIGH</p> <p>Level of Consensus</p> |

Themes Detail

Technology

Investment and improvement in technology is needed to support teleworking and hybrid collaboration. Employees also desire standardized technology to foster a more seamless work experience both in and outside of the office.

Flexibility

Most agencies saw a dramatic change of in-office working form pre-COVID to current. Most agencies believe they can work from home productively and want to continue to have the option to telework.

Collaboration

Collaboration and team connection are primary drivers to the office. Teams desire an improved ability to collaborate effectively in-person and across a hybrid workforce.

Parking & Commute

Prior to COVID, commuting was one of the primary challenges employees encountered when working in the office. Employees desire flexible and convenient parking and commute options to align with their new ways of working.

Office Drivers

Employees expect to return to the office for access to teammates and equipment they do not have when working remote.

Amenities

Typical amenities in a future workspace are a low concern for most employees. The top amenities employees desire include natural light, space for solitude, and nearby access to public transportation.

What is NPS?

Net Promoter Score (NPS) separates clients into three categories: **promoter**, **passive** and **detractor**

- World's leading metric for employee loyalty
- Adds scaled measure to align with behavioral insights (analytics)
- NPS measures “likelihood to recommend”, which can be challenging to interpret for required-use internal tools

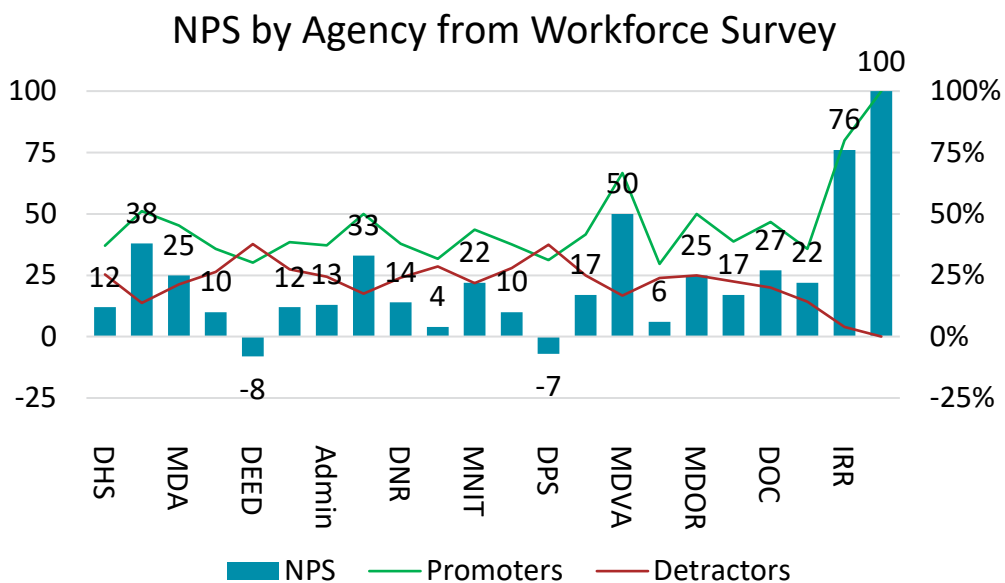
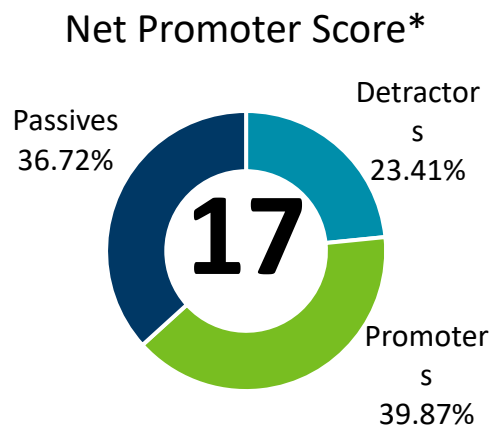
QUESTION: Based on your experience, how likely is it that you would refer State of MN to a peer or colleague?

Not likely
at all

☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10

Extremely
likely

Scores at State of Minnesota




*Net Promoter Score (NPS) question asks, "How likely is it that you would recommend the overall workplace of your assigned office to a friend or colleague?" on a scale of 0-10. Detractors answer 0-6, Passives answer 7 and 8, and Promoters answer 9 and 10. NPS reflects % Promoters less % Detractors. Average pre-workplace strategy score across all sectors is between -20 and -30.

Persona Breakdown

Four personas were identified amongst the State of Minnesota employee base through analysis of current office utilization, future anticipated space demand, teleworking productivity, and amount of individual focus work.

82% Of employees surveyed prefer to be in the office 1 or fewer days per week



1%

Primarily In-Office
4+ Days in Office

17%

Office-Inclined
2-3 Days in Office

41%

Telework-Inclined
4+ Days Remote

41%

Teleworker
N/A

Agency Trends Scorecard

LEGEND

- High importance
- Average importance
- Low importance

| | DEED | IRR | MMB | Admin | MDA | COMM | DOC | MDE | MDH | DHR | DHS | DLI | DMA | DNR | DOR | MnDOT | MDVA | DPS | MHFA | MnIT | OHE | PCA |
|-------------------|---------|------|---------|---------|---------|------|---------|------|------|---------|---------|---------|---------|---------|---------|-------|---------|---------|---------|---------|---------|---------|
| Flexibility | High | High | High | Average | Average | High | Low | High | High | Average | Low | Average | Low | Average | High | High | Low | Average | High | Low | Average | High |
| Office Drivers | Average | Low | Low | High | Low | Low | Low | Low | Low | High | Average | High | High | Low | Average | Low | High | High | Average | Low | Average | Low |
| Technology | Average | Low | Average | High | Low | Low | Low | Low | Low | High | Low | Low | Low | Low | High | Low | Low | Low | Average | High | Average | Average |
| Collaboration | Low | Low | Low | Low | Low | Low | Low | Low | Low | High | High | High | Average | Low | High | Low | Average | Average | Low | Average | Average | Low |
| Parking & Commute | Low | Low | Low | Low | Low | Low | Average | Low | High | Low | Low | Low | Low | Low | Low | Low | Average | Average | High | Low | Low | Low |
| Amenities | Low | Low | Low | Low | Low | Low | Average | Low | Low | Low | Low | Low | Low | Low | Low | Low | Average | Low | Low | Low | Low | Low |

RESEARCH FINDINGS

Adjacency Mapping by Agency

From the research, it was determined there were **two main drivers for agency adjacencies**.

Overlapping internal work that required collaboration or transportation of people, items, documents, etc.

Customer services that flow through multiple agencies or have dependencies between agencies

20 interconnections were found between agencies

1x

High Level of Interconnection

The businesses cannot operate in separate physical locations due to the constant level of public need to interact with both departments.

16x

Medium Level of Interconnection

The businesses could inefficiently operate in separate physical locations but would either burden customers' accessibility or increase financial impact to one or both agencies.

3x

Low Level of Interconnection

The businesses can operate sufficiently in separate physical locations with minimal financial impact or disruption to customers.

Overview of Recommendations

Summary

BUILDING & PORTFOLIO SIGNIFICANT FINDINGS*

- **272 USF** average per workstation (individual open workstations and offices) across portfolio*
- **1 : 0.4** average collaboration ratio (individual seats : collaborative seats) across portfolio
- **65%** percentage of total seats that are individual workstations
- **19%** percentage of all individual workstations that are private offices
- **14%** percent of overall square footage is allocated to amenity or support-type spaces

AGENCY SIGNIFICANT FINDINGS

- **84%** of state agency leaders expect to have employees teleworking in the future, while **90%** believe they are effectively able to manage/lead their teleworking teams.
- **34%** of state agencies reported needing improved technology to support collaboration.
- **52%** of agencies reported a need for specialty space due mostly to either security (confidentiality requirements) or public accessibility.
- **51%** of agency employees believe their main reason go to the office will be for team connection and community.

*Portfolio refers to analyzed selection of office portfolio

Building Index

| | Owned Buildings | | | | | | Leased Buildings | | | | | | | | | |
|---------------------------|-----------------|------------|-----------|----------------|------------|------------|------------------|---------------|---------------|---------------|--------------------|----------------------|-------------------------|-------------|------------------|-------------|
| | Freeman | Stassen | Andersen | Transportation | Centennial | Admin | 444 Lafayette | 443 Lafayette | 520 Lafayette | 500 Lafayette | Town Square Center | Golden Rule Building | Great Northern Building | 400 Wabasha | 1450 Energy Park | 400 Stinson |
| Total USF | 258,853 | 328,590 | 335,557 | 263,211 | 213,224 | 58,389 | 280,172 | 103,958 | 166,129 | 140,440 | 196,560 | 227,512 | 146,790 | 60,982 | 117,888 | 95,085 |
| Building Headcount | 1,341 | 1,259 | 1,625 | 1,148 | 1,079 | 374 | 1,156 | 362 | 728 | 618 | 700 | 1,007 | 725 | 265 | 375 | 440 |
| USF Per Employee | 193 | 261 | 206 | 229 | 198 | 156 | 242 | 287 | 228 | 227 | 281 | 226 | 202 | 230 | 314 | 216 |
| Major Tenants | MDH MDA | DOR | DHS | MnDOT | MMB | Admin | DHS | DLI | PCA | DNR | DPS | COMM MDH | DEED | MHFA | OHE | MDE |
| Proximity to Complex | In Complex | In Complex | 0.6 Mi | In Complex | In Complex | In Complex | 1.7 Mi | 1.3 Mi | 1.2 Mi | 0.8 Mi | 0.6 Mi | 1.3 Mi | 1.1 Mi | 0.6 Mi | 4 Mi | 9 Mi |
| Building Condition | Excellent | Good | Excellent | Average | Poor | Average | Good | Good | Excellent | Fair | Good | Good | Excellent | Excellent | Average | Good |
| Annual Rent/Employee | N/A | N/A | N/A | N/A | N/A | N/A | \$5,392 | \$5,627 | \$5,077 | \$5,043 | \$6,547 | \$5,915 | \$4,927 | \$6,133 | \$7,276 | \$4,333 |
| Annual OPEX/Employee FY22 | \$7,288 | \$4,300 | \$7,862 | \$4,570 | \$3,829 | \$3,871 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual OPEX FY22 | \$9.8M | \$5.4M | \$12.8M | \$5.2M | \$4.1M | \$1.4M | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual OPEX/USF FY22 | \$37.73 | \$16.43 | \$38.04 | \$19.57 | \$19.29 | \$24.73 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Lease Expiration | N/A | N/A | N/A | N/A | N/A | N/A | 6/30/26 | 9/30/28 | 12/31/28 | 6/20/26 | 9/30/28 | 7/31/24 | 7/31/31 | 8/31/27 | 6/30/27 | 5/31/2032 |

Denotes highest value in the category

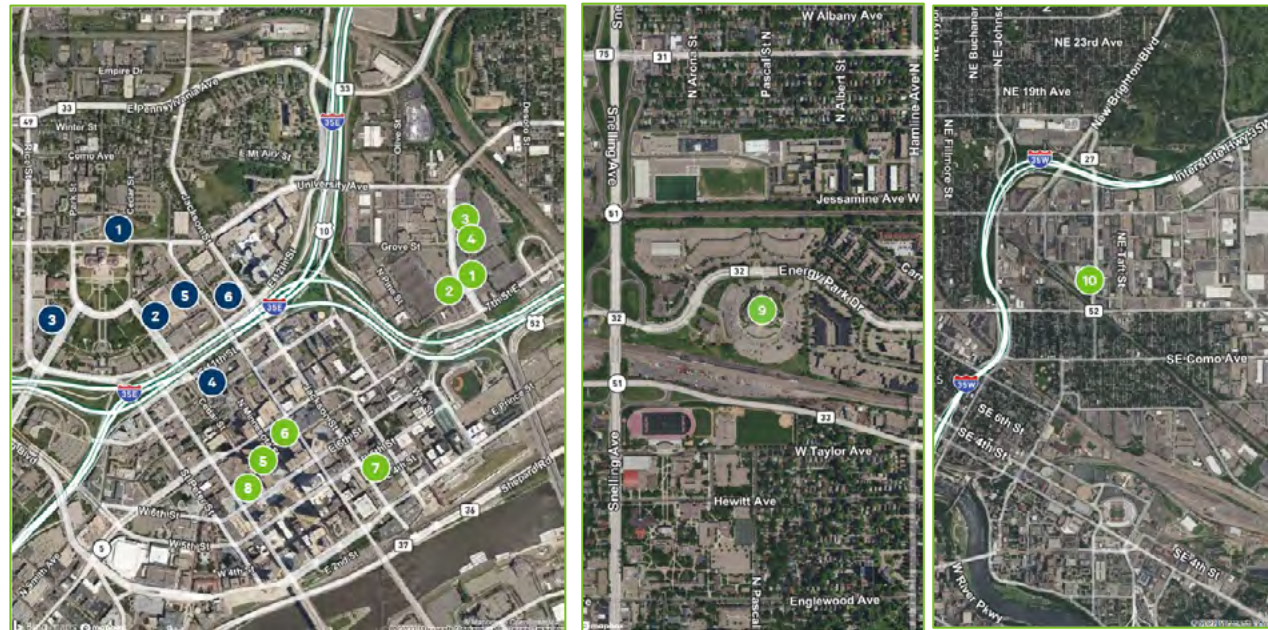
Denotes lowest value in the category

Data source: Lease & Owned mn-all-leases-by-end-date-report-2022-01-20105419.794.xls

Note: Opex for Freeman and Andersen include Debt Service and Building Replacement Funds for existing bonds maturing in 2027. Exclusion of these costs results in Opex for Freeman and Andersen of \$13.68 /USF and \$17.19 /USF, respectively resulting in the lowest cost/SF on the Complex.

Localized Building Inventory

- | | |
|------------------|---------------------------|
| 1 Administration | 1 444 Lafayette |
| 2 Centennial | 2 443 Lafayette |
| 3 Transportation | 3 520 Lafayette |
| 4 Andersen | 4 500 Lafayette |
| 5 Freeman | 5 Town Square Center |
| 6 Stassen | 6 Golden Rule Building |
| | 7 Great Northern Building |
| | 8 400 Wabasha |
| | 9 1450 Energy Park |
| | 10 400 Stinson |



Agency Index

84% of surveyed state agency leaders expect their teams to be majority teleworking in the future. The agencies that account for Office-Inclined or Primarily In-Office personas are 18% of all FTEs.

*Headcount numbers based on direct feedback from agency representative in interviews

| AGENCY | PLANNING HEADCOUNT* | ASSIGNED BUILDING(S) | PERSONA | ADJACENCIES | PUBLIC ACCESSIBILITY | SPECIALTY SPACES |
|---|---------------------|--|-------------------|----------------------|----------------------|--|
| Department of Employment & Economic Development | 725 | Great Northern | Telework-Inclined | DHS | Low | Call Center, Servers |
| Iron Range Resources & Rehabilitation Board | 44 | Multiple Offices in Northern MN | Telework-Inclined | DEED, DNR | None | Parking/Storage for Cars, Boardroom |
| Minnesota Management & Budget | 260 | Centennial | Teleworker | MHFA | Low | None |
| MN Department of Administration | 504 | Admin, Freeman | Telework-Inclined | MnDOT, DPS | None | Trade Shop, Fleet Management Warehouse |
| MN Department of Agriculture | 500 | Ag/Health Lab, Freeman | Office-Inclined | DNR, MPCA, MDH | None | None |
| MN Department of Commerce | 340 | Golden Rule Building | Telework-Inclined | MPCA, ADM, MMB | High | Mail Room |
| MN Department of Corrections | 350 | 1450 Energy Park | Telework-Inclined | None | Medium | Computer Lab w/ Server Room |
| MN Department of Education | 440 | 400 Stinson | Office-Inclined | MDVA, DHS, OHE | High | None |
| MN Department of Health | 1,600 | Ag/Health Lab, Freeman, Golden Rule Building | Telework-Inclined | MDA, MPCA | High | Conference Space |
| MN Department of Human Rights | 59 | 540 Fairview Ave | Office-Inclined | DEED, MDE, MHFA | Medium | None |
| MN Department of Human Services | 2,034 | Andersen, 444 Lafayette, Golden Rule | Teleworker | DEED, OHE, MDE, MDVA | High | None |

Agency Index

84% of surveyed state agency leaders expect their teams to be majority teleworking in the future. The agencies that account for Office-Inclined or Primarily In-Office personas are 18% of all FTEs.

*Headcount numbers based on direct feedback from agency representative in interviews

| AGENCY | PLANNING HEADCOUNT* | ASSIGNED BUILDING(S) | PERSONA | CRITICAL ADJACENCIES | PUBLIC ACCESSIBILITY | SPECIALTY SPACES |
|------------------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|--|
| MN Department of Labor & Industry | 453 | 443 Lafayette Rd | Office-Inclined | COMM, DNR, MDA | None | Lab, Lockers, Training, Mail Room, Docking |
| MN Department of Military Affairs | 53 | Veterans' Services | Primarily In-Office | None | High | Storage, Server Rooms |
| MN Department of Natural Resources | 650 | 500 Lafayette | Office-Inclined | IRR, MPCA, MDA | Medium | None |
| MN Department of Revenue | 1,500 | Stassen | Telework-Inclined | None | Medium | Scanning Equipment, Loading Dock |
| MN Department of Transportation | 1,012 | Transportation | Telework-Inclined | ADMIN, DPS, DLI, DNR | High | None |
| MN Department of Veterans Affairs | 67 | Veterans' Services | Primarily In-Office | DHS, MDE | Medium | None |
| MN Department of Public Safety | 485 | Town Square Center | Office-Inclined | Admin, DPS | High | Event Space |
| MN Housing & Finance Agency | 280 | 400 Wabasha St | Telework-Inclined | MMB | Medium | Space to House Desktops |
| MN IT Services | 1,236 | Centennial | Teleworker | None | Low | None |
| MN Office of Higher Education | 73 | 1450 Energy Park | Office-Inclined | DEED, MDE | Medium | Event Space |
| MN Pollution Control Agency | 619 | 520 Lafayette | Telework-Inclined | DNR, MDA, MDH | Medium | None |

Workplace Recommendations

B

Recommendation Going Forward

Occupancy levels at the State of Minnesota are expected to be frequently low due to high preference of employees to work hybrid or remote.

Despite this low utilization, there is still an expectation for the peak demand to be higher than typical average. With this, there could still be days where all workstations are occupied by SoMN employees, and non-traditional seating options would be utilized.

Determining work practices and space allocation methodology will influence which spaces will be prioritized while employees are in the office. Overlaying the proper technologies will allow for the best and most efficient use of space while employees are in the office.



People



Space



Technology

Workplace Recommendations

People

Flexible Work Best Practices

Establish Core In-Office Days

- Provide guidance for managers to develop a plan for core in-office days
- Use these days for 1:1 and team meetings to promote in-person collaboration when in the office



Host Employee Events

- Host employee events to encourage people to come to the office and build connection with their colleagues through events like lunch & learns and happy hours



Share Your In-Office Schedule

- Encourage employees to let others know what days they plan to be in the office each week
- Employees can do this by sharing their calendar with others, updating their Teams status with their current location each day, or simply messaging colleagues to share when they'll be in

Workplace Etiquette

Clean Desk Guidance

- Create protocols to keep shared spaces clean and restore setting after use, including removing personal items and paper before vacating
- Anything left behind will be disposed of

Respect Meeting Reservations

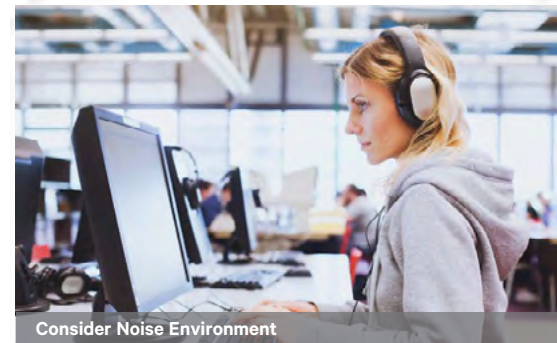
- Ensure employees are respectful of meeting room reservations and don't camp out in spaces when others have booked the room
- Be mindful of canceling room booking if the room is no longer needed

Reduce Distractions

- Conversations or meetings among three or more people should be relocated to meeting rooms or breakout areas
- Wear headphones or utilize focus rooms when on virtual calls



Clean Desk Policies



Consider Noise Environment

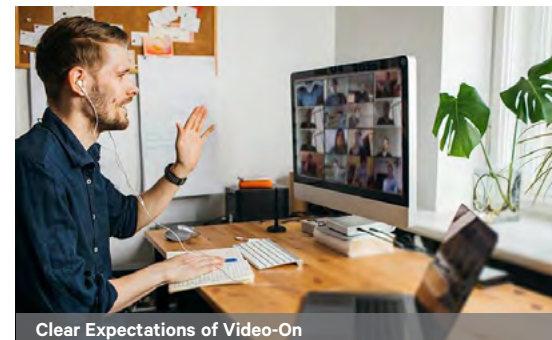
Remote Working Etiquette

Effective Communication

- Carry the same expectations regarding responsiveness, accountability and professionalism as when in the office
- For questions or ad hoc conversations, utilize MS Teams to quickly reach teammates and before setting up virtual meetings consider if the goal can be accomplished through a quick chat

Define Expectations and Respect Time

- Be consistent with etiquette expectations with team members – for example, clarify when cameras need to be on, and when it's encouraged to be camera-free and formalize a designated communication channel for ad hoc discussion
- Scheduled meetings should be timed to allow attendees time for transition and breaks between meetings



Workplace Recommendations

Space

Unassigned seating aligns with telework to promote flexibility while increasing capacity and efficiency through an existing footprint without additional investment.

Adopt Sharing Model

Given employee sentiments around continuing to work flexibly, the State of Minnesota is positioned to drive a more **efficient occupancy strategy** through the adoption of seat sharing. While some roles require assigned spaces, most of the population can leverage shared workspaces given their less frequent in-office utilization.

The following visual illustrates the concept of sharing, as well as how to calculate a sharing ratio.

EXAMPLE



1.4 : 1.0 SHARING RATIO

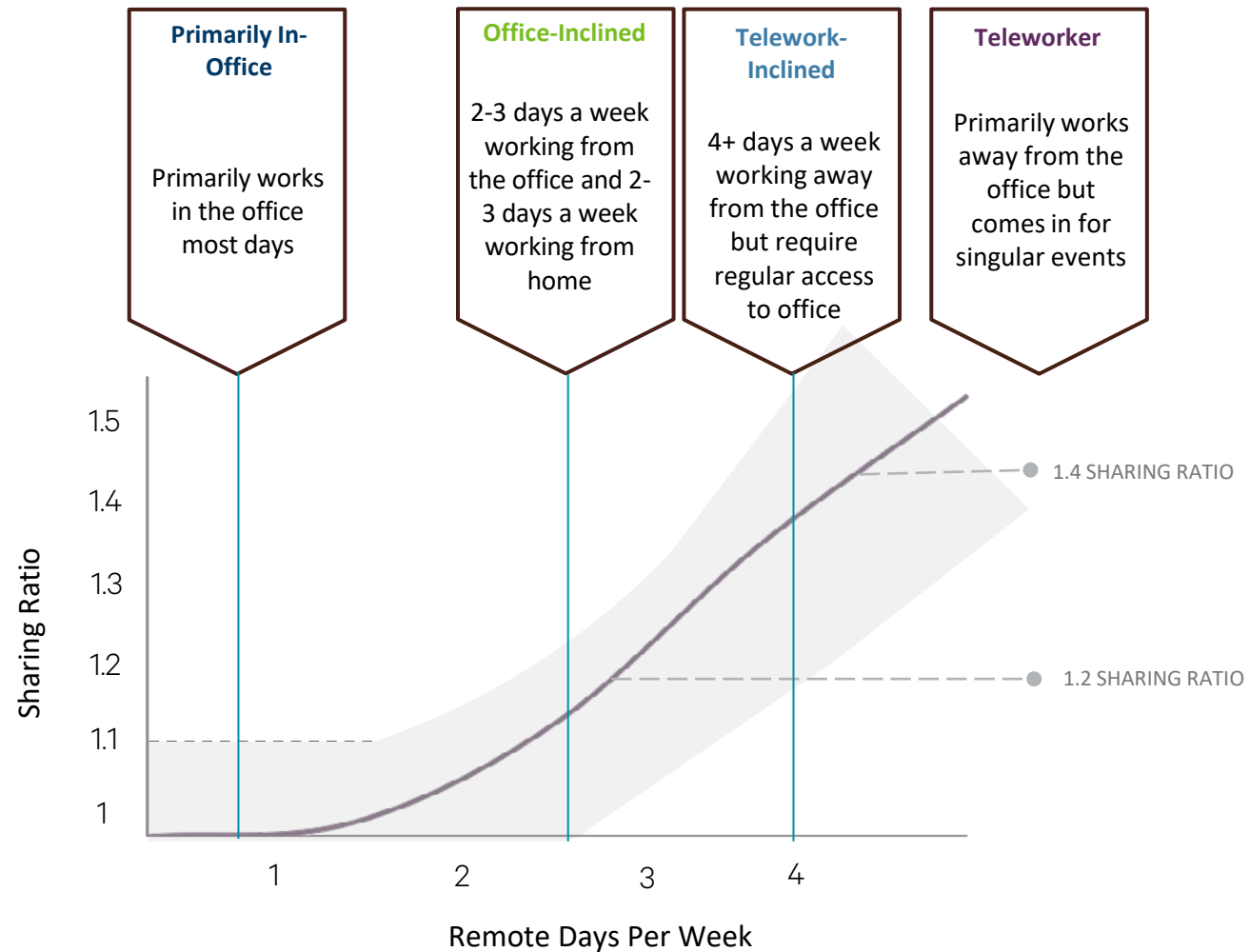
In this scenario, we know that on an average day, fewer than 10 employees will show up. On 9 out of 10 days, there will be enough individual spaces to accommodate all attendees.

Sharing Ratios for Scenarios*

Seats needed by scenario for an example headcount population of 100...

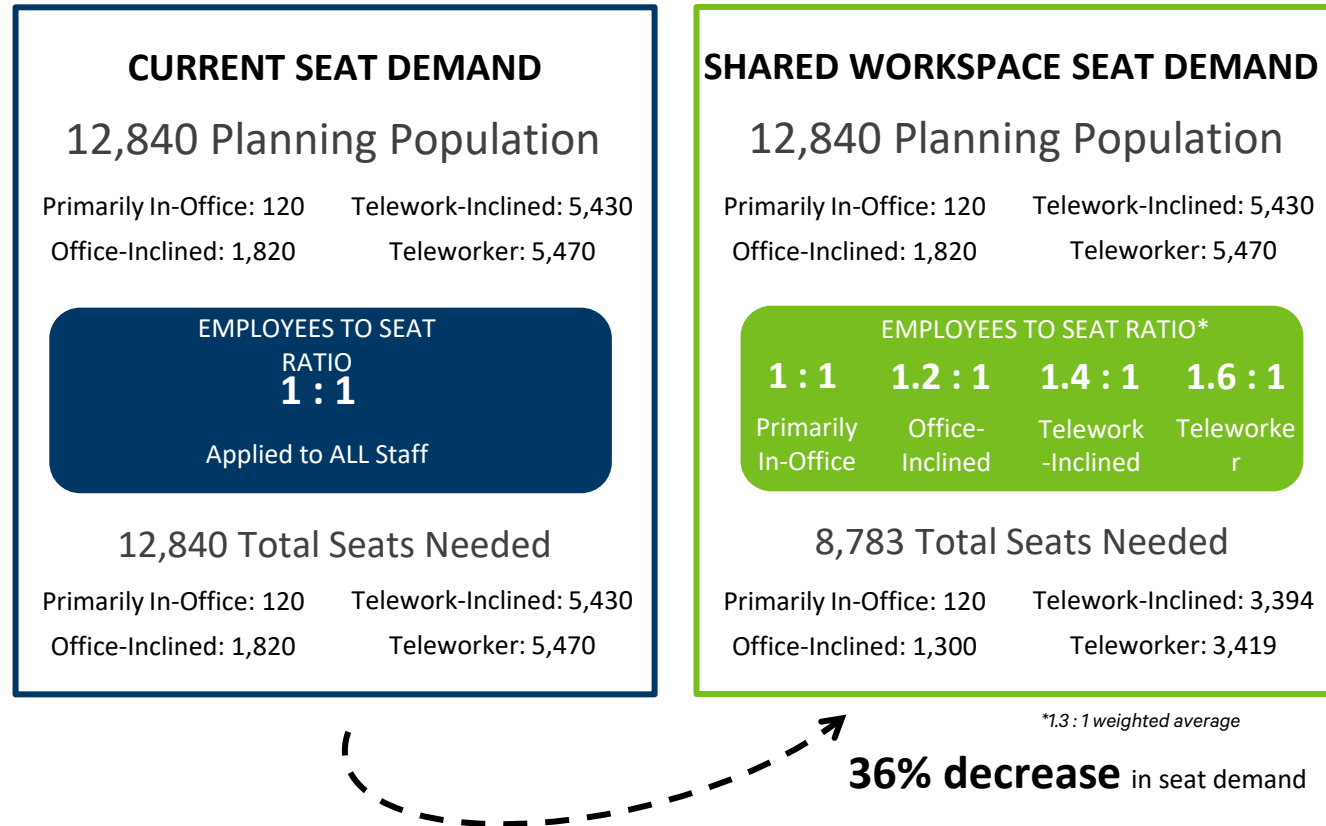
- Primarily In-Office = 100 seats
- Office-Inclined = 83 seats
- Telework-Inclined = 71 seats

*Shown numbers are for conservative scenarios only



Adopt Sharing Model

By applying strategic sharing ratios to each persona, the State of Minnesota will be able to reduce the number of seats to match agency office demand. Implementing sharing ratios would allow the State of Minnesota to accommodate more employees on the Capitol Complex, as well reduce the total amount of required seats by 36%.



Sharing Considerations

When implementing sharing ratios, having unassigned seats allows for the efficiencies of sharing to be realized. Dedicating spaces to sharing creates more efficiency so employees can access these on-demand as they utilize the office.

BENEFITS OF DESK SHARING BEYOND SAVING SPACE:



Ability to change who one sits next to daily, in response to changing workflows or tasks



Promotes collaboration and mobility by untethering employees from a single setting within the office



Allows the organization to flexibly accommodate growth and maintain office density despite increased remote work

IMPLEMENTING DESK SHARING AT STATE OF MINNESOTA:

1

Pilot hoteling spaces – allow users to “test drive” shared space and provide input

2

Implement hoteling spaces in locations or within agencies with Office-Inclined, Telework-Inclined and/or Telework users

3

Ensure change management shifting to shared seating – users need to be aware of what and why, and make the change as seamless as possible

Impacts of Implementing Space Standards

Space standards help create an efficiently planned workplace that meets employees' needs, while eliminating the traditional workplace hierarchy.

1

DEVELOP SPACE STANDARDS ALIGNED WITH AGENCY NEEDS

Identify critical needs for each agency to develop space standards that allow for a more efficient workplace plan.

2

DETERMINE SPACE ELIGIBILITY BY ROLE/JOB FUNCTION

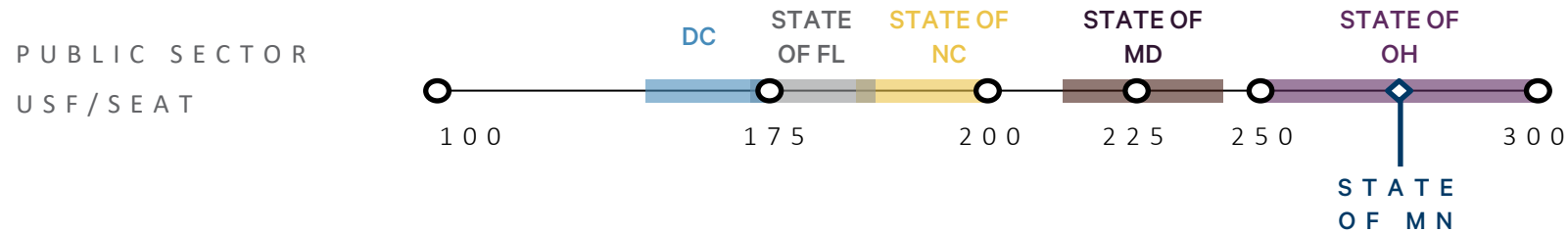
Build exceptions into space standards based on specific roles and job functions. This ensures that all employees have an appropriate space to complete their work and reduced office hierarchy.

3

UTILIZE CHANGE MANAGEMENT

Use change management to prepare and support employees with workplace change, ensuring a more seamless transition from their current work environment to their future workplace.

Public Sector Space Standards



272 usf/seat

usable square feet per individual seat across State of Minnesota buildings*

1 : 0.4

average ratio of individual to collaborative seats across State of Minnesota buildings*

81%

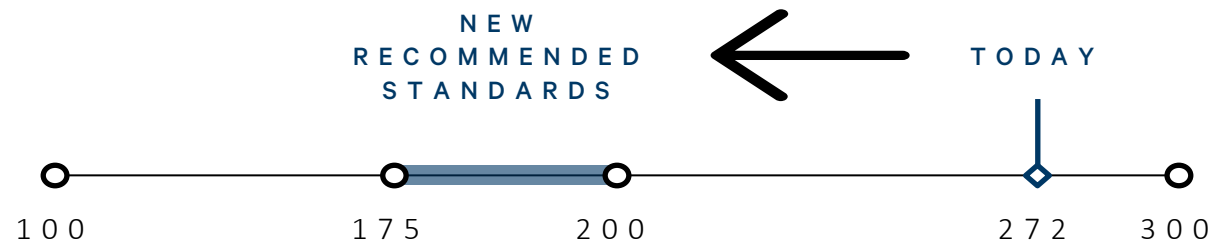
of individual seats are open workstations*

*Portfolio refers to analyzed selection of office portfolio

Implementing Space Standards at State of Minnesota

Through space standards, the State of Minnesota can create more efficient utilization of space in existing locations through densification, thus allowing the State to review non-optimal locations that are non-owned or not in accessible geographical locations.

Note: densification and implementation of new space standards would require investment in new furniture and construction to right-size existing spaces and to re-align seat supply with the new headcount demand



36%

potential increase of individual seats that can be created within the existing portfolio through the implementation of space standards

Space Benchmarks

Space Breakdown

State of Minnesota



Activity Based

Working



■ Me Space

■ We Space

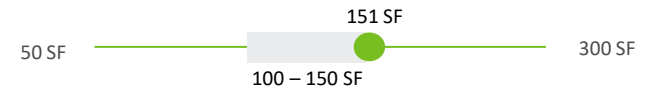
USF/Workstation
(Average SF per wkst)



Offices
(% vs. workstations)



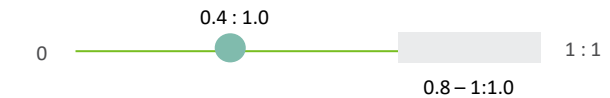
Office Size
(Average SF)



Workstation Size
(Average SF)



Collaboration Ratio
(We Seats : Me Seats)



● State of MN
Average

■ Industry Targets

Activity-Based Neighborhoods

Neighborhood Concept

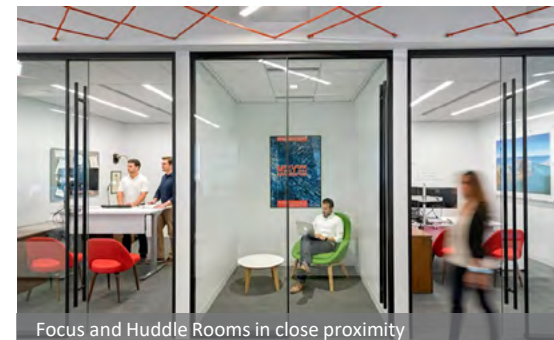
- Create team neighborhoods that encompass a mix of individual and collaborative settings to serve as a home-base but which can also adapt as headcount needs change.
- Include dedicated hoteling and unassigned spaces for employees from other sites, hybrid roles, and visitors.

Access to Privacy

- Ensure all employees have access to privacy for heads-down work by providing spaces for individual focus.

Kit of Parts

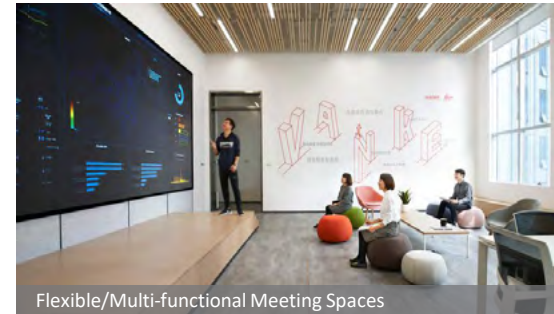
- Use a standard kit-of-parts in space programming to ensure familiarity and consistency throughout the space.



Variety of Collaboration Spaces

Mixed-Presence Collaboration

- All meeting spaces should accommodate virtual and in-person participants with frictionless integration.
- Expand space offerings for small to medium-sized group collaboration, usually 2-10 people.



Informal Spaces

- Incorporate more informal spaces for scheduled or unscheduled collaboration.
- Incorporate a variety of furniture set ups to support brainstorming and different meeting types (i.e. daily stand up, team huddle, 1:1 check in).
- Offer flexible/reconfigurable spaces with moveable partitions and screen sharing technology to support multiple use cases for the space.



Amenities that Add Value

Natural Light

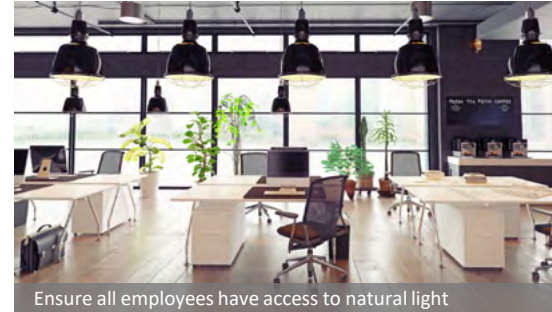
- Reduce the number of exterior offices and conference rooms to ensure all employees have access to natural light

Space that Supports Mental Health

- Implement wellness rooms that support mental wellbeing

Nearby Amenities

- Ensure the office is located near external amenities that matter to employees, such as:
 - Public transportation
 - Variety of food options
 - Daycares
 - Fitness facilities

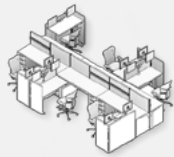


Individual Space Kit of Parts

Individual space sizes should be standardized to limit variety across offices and reduce the sense of hierarchy within the space. Access to privacy should be available to all staff.

Employers are shifting away from private offices, with 25% eliminating private offices completely. For the supported individual seating for day-to-day individual tasks, over 90% of employers are providing their employees with sit-stand desk options.*

*CBRE | Global Occupancy Insights



Workstation

- 36 SF
- More efficient standard that still allows for an appropriate amount of separation
 - Equipped with a small amount of storage and monitors
 - Sit/stand as standard



Benching

- 25-30 SF
- Most efficient individual seat standard
 - Integrate all needed technology and monitors and offer some visual privacy across the spine
 - Sit/stand as standard



Focus Room

- 60 SF
- Offer private, quiet space for heads down work or phone calls
 - Equipped with same technology as other individual spaces

Collaboration Kit of Parts

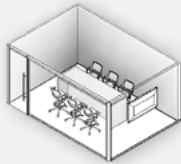
Collaborative spaces should provide staff with variety to accommodate different meeting sizes and types. All spaces should accommodate screen sharing and video conferencing.



Huddle/Focus Room

2-4 seats

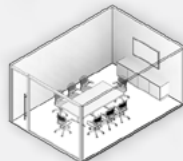
- Mix of reservable/non reservable for ad hoc meetings
- Good for quick connections or individual focus



Small Conference

4-6 seats

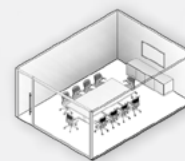
- Mix of reservable and non-reservable for ad hoc meetings
- Good for small group check-ins/status meetings



Medium Conference

8-10 seats

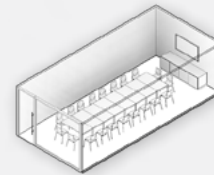
- Reservable
- Good for team check-ins/status meetings



Large Conference

12+ seats

- Reservable
- Good for team check-ins/status meetings



Extra-Large Conference

20+ seats

- Reservable
- Centrally located
- Good for external-facing meetings

Workplace Recommendations

Technology

Support the Adoption of a Flexible Office

Technology is the foundation of a more flexible workplace, both at an individual and group level. In order to drive efficiency while in the office, as well as to support a more hybrid workforce, integrating standardized, seamless technology will be paramount to elevating productivity regardless of where you're working.

Individual Technology

Universal Docking Stations



Docking stations provide quick connection to power and monitors for all employees, regardless of laptop type.

Charging Capabilities



Monitors w/Plug-N.Play



Ultra wide or dual monitors help employees feel productive and efficient as they work across multiple screens and software.

Providing ample and easily accessible charging capabilities, such as outlets and USB ports, reduces friction in setting up for the day.

Collaborative Technology

Integrated Conference Rooms



For seamless virtual meetings, all conference rooms should be equipped with videoconferencing capabilities. Integrated rooms will be critical to support a flexible work environment, using state of the art technology including:

- Large screen display(s)
- Peripheral devices (camera, microphone, speaker)

Integrated Workplace Mgmt System



Workplace management systems are designed to collect utilization, highlight program metrics and manage space use through reservation tools and wayfinding capabilities. These systems integrate into digital displays:

- Outside meeting rooms to help facilitate efficient meetings
- In neighborhoods, main gathering areas to assist with wayfinding of people and resources.

Mobile App Best Practices

Technology is a critical component to seamless building operations and experience, particularly an effective mobile application.



1. Baseline

Focused on space reservation and access to the building for staff/visitors.

2. Elevated

Increased wayfinding abilities for navigating the space and connecting with colleagues. More access to support staff for issues in the space.

3. Best-in-Class

Enhanced integration with work/life balance and making the day more seamless.

Microsoft Teams

Microsoft Teams is an online communication, team collaboration, and workspace tool for real-time collaboration and communication, meeting, and file sharing.

Key Features:

- Centralized workspace platform for all employees.
- Instant messaging chat with text and file sharing on channels and direct messages.
- Create and use dedicated channels for specific tasks or teams.
- Host and join meetings in Teams with audio, video, and screen sharing.

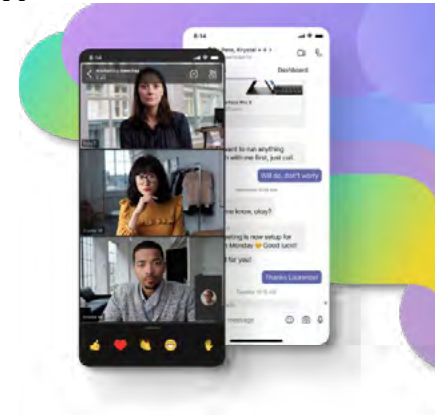
MEET | COLLABORATE | SHARE | CHAT

BEST PRACTICES

- Customize your notifications. Make sure you set your notifications to match your preferences on app settings.
- Set your status. Use the status tool to indicate if you're available, busy, or offline at set hours.
- Use reactions. Give the thumbs-up as an equivalent for "got it" or "okay" to save multiple acknowledging responses.
- Familiarize yourself with the channel and app layouts. Organize your page layout to your work priorities such as pinning chat conversations and channels.
- Utilize a Team channel for collaborating on a specific project or activity.

ADDITIONAL TRAINING

[Teams Features](#) | [Using Microsoft Teams in Outlook](#) | [Creating a Team](#)

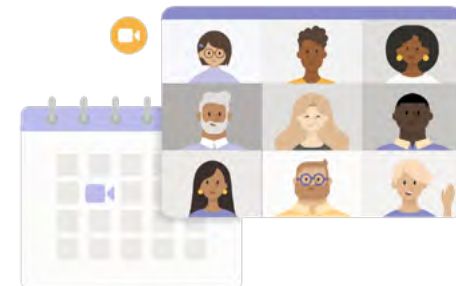
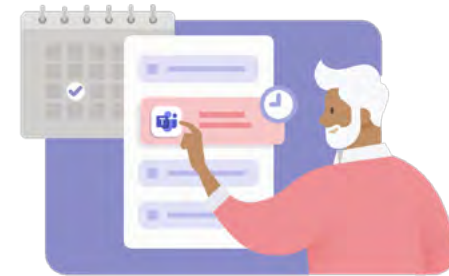


Microsoft Teams Meetings

Microsoft Teams Meetings offer audio conferencing and video conferencing to easily meet and collaborate with team members regardless of physical location.

MEET BEST PRACTICES

- All Outlook calendar invites should include a Teams Meeting URL in the subject line and detail of the invite.
- For remote or hybrid meetings, all participants should be on video – if hybrid and multiple people are in the same room, all participants should be viewable from the Teams meeting. For remote participants, utilize Virtual Backgrounds when necessary to minimize distractions.
- Screen sharing should be utilized while discussing files, and Reactions should be utilized for discussion flow like selecting “Raise hand” when looking to interject or add to a discussion.
- For meetings with 10+ participants, turn on Live Captions and utilize Breakout Rooms for group work or smaller deep dives.



ADDITIONAL TRAINING

[Meetings Overview](#) | [Scheduling a Meeting](#) | [Joining a Meeting in Teams](#) | [Meeting Reactions](#) | [Breakout Rooms](#) | [Live Captions](#)

Microsoft Teams Channels

Microsoft Teams Channels are subsets of Teams where project teams or working groups can have a space to converse, share files, track tasks or assignments and share information. Channel Tabs allow team members to access services and content in a dedicated space within a channel or in a chat as well as manage data and files that are needed or interacted with frequently.

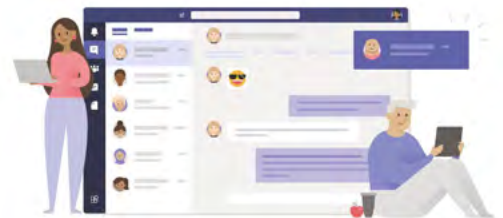
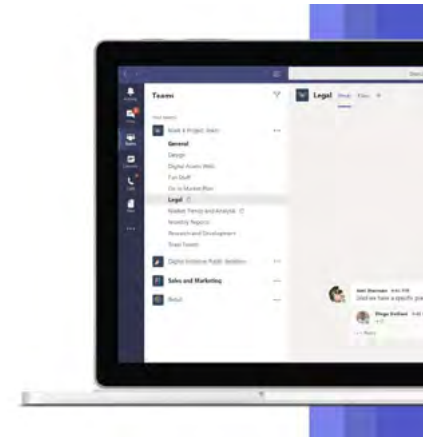
COLLABORATE | SHARE | CHAT

BEST PRACTICES

- All Teams Channels should be set up initially with Posts, Files, Whiteboard and Planner tabs. For teams that frequently utilize the same web pages, the tab Website can be added.
- Teams Channels members should be all teammates in a working group or on a project team. All project-related communication should occur through the Channel Posts tab or be updated in the Channel Posts or Planner tabs following a virtual or in-person meeting.
- For ad hoc project discussions or working sessions, utilize the “Meet” feature within the Channel so that other team members can join if available.

ADDITIONAL TRAINING

[Teams Channels](#) | [Creating a Channel](#) | [Adding Tabs](#)
| [Creating a Channel Poll](#)



Microsoft Whiteboard

Microsoft Whiteboard is an infinite, collaborative canvas for meetings and learning. Use the tool for various tasks such as collaborating with others and brainstorming.

Key Features

- Collaborate real-time in an all remote, hybrid, or in-person meeting.
- Work asynchronously with your team at any time with seamless access.

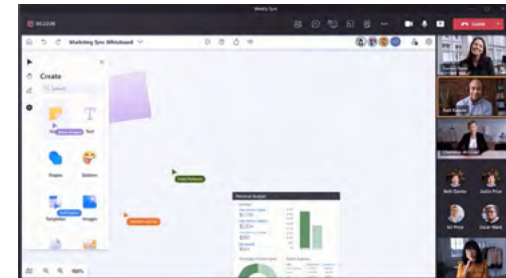
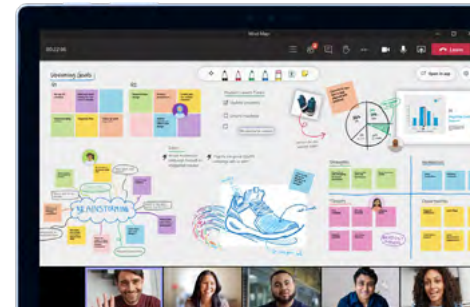
BRAINSTORM | IDEATE | SHARE VISUALS

BEST PRACTICES

- Use the toolbox with a variety of shapes, sticky notes, text, ink, and highlighters to visualize content.
- Upload various external mediums like images, word documents, and presentation decks to provide greater context and details.
- Convert writing to legible text. If sharing difficult to read handwriting, consider converting writing into text.
- Export the board as an image for future reference or to send to anyone without granting board access.

ADDITIONAL TRAINING

[Adding a Whiteboard](#) | [Whiteboard Features](#) | [Managing a Whiteboard](#)



Microsoft Planner **PLAN | ORGANIZE | MANAGE TASKS**

Microsoft Planner is a simplified task management tool. This platform enables you, your team, and your projects to be organized and visible to all Team members.

Key Features

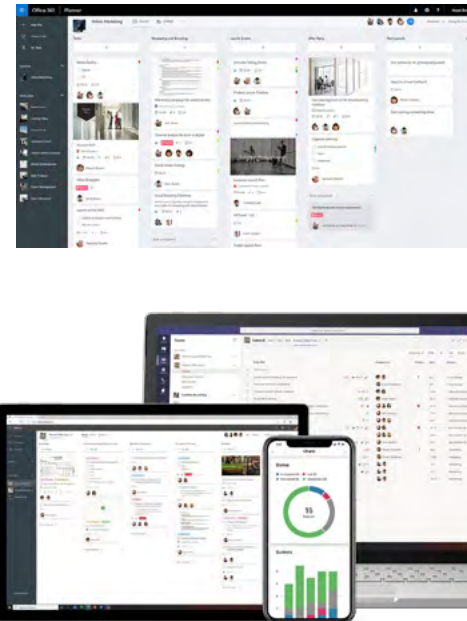
- Create task or project plans, assign tasks, and share files integrated on Microsoft Teams.
- Organize teamwork and collaborate in-real-time on projects.
- Keep track of project progress and access Planner on any device using the Teams platform.

BEST PRACTICES

- Define the structure of your plan at the beginning of each project plan. Logically organize buckets and task cards.
- Organize each task card. Set task owners, status, check lists, notes, and end dates.
- Attach relevant documents and links to task to give team members quick access to relevant content.
- Use the variety of visualizations and overview to create the view that is most useful for the plan.

ADDITIONAL TRAINING

[Planner Features](#)



Scenario Planning

C

Sharing Ratio Implementation

Three options were developed to calculate sharing ratios to provide options to the level of change for comparison purposes.

The following table provides a granular breakdown of sharing ratio programming details to better compare the options developed.

The headcount capacity of each scenario is calculated by applying the sharing ratio to the seat count. With increased sharing ratios, the number of employees supported increases per seat assuming unassigned seating and hybrid working are implemented.

| | CONSERVATIVE | MODERATE | AGGRESSIVE |
|-----------------------------|--------------|----------|------------|
| Typical Expected Demand | 3,300 | 3,300 | 3,300 |
| Weighted Avg. Sharing Ratio | 1 : 1.3 | 1 : 1.6 | 1 : 1.8 |
| Seat Count | 2,859 | 2,421 | 2,105 |
| Average Desk Size | 36 sf | 30 sf | 25 sf |

Densified headcounts will fit into owned space assuming a weighted average 1.3 : 1 sharing ratio and typical expected attendance under telework policies

One Location (Capitol Complex)

Assumptions:

- Adopt space standards of 175-200 USF/person
- Apply weighted average sharing ratio of 1.3:1 across the properties

Recommended Changes:

- Sunset major leases and consolidate state agencies to Capitol Campus from leased facilities

| Building | Building USF | Current Tenants | Current Headcount | Future Headcount | Future Total USF Demand |
|----------------|--------------|-----------------|-------------------|------------------|---------------------------|
| Freeman | 258,853 | MDA MDH | 500 734 | 3,369 | 188,675 (73% occupied) |
| Stassen | 328,590 | DOR | 1,500 | 2,833 | 94,241 (29% occupied) |
| Andersen | 335,557 | DHS MNIT | 2,034 1,236 | 4,345 | 60,498 (18% occupied) |
| Transportation | 263,211 | MnDOT | 1,012 | 1,412 | 104,411 (40% occupied) |
| Administration | 58,389 | Admin Security | 504 85 | 1,102 | 37,904 (65% occupied) |

Programming details are based on conservative sharing ratio and calculated “typical” expected attendance

Potential for Sharing in Minnesota

The following cities are proposed locations for auxiliary hoteling offices outside of the Minneapolis-St. Paul metro area. These locations were selected by identifying cities with the highest concentration of State of Minnesota employees as well as cities with a high concentration of existing leases. We recommend reducing the number of leased locations to one per City/area, which can be used on an as needed basis by staff.

Note: Hoteling model not limited to these 4 locations. "Spokes" could be added within the metro area and other greater Minnesota locations on a smaller scale.

Rochester

- SoMN Employees: 675
- Current # of Leases: 1
- Current SF: 41,169

St. Cloud

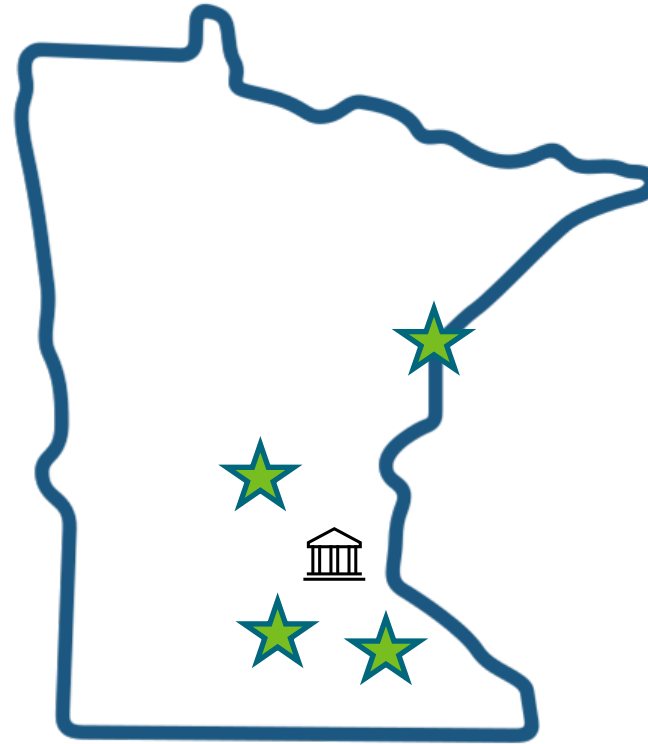
- SoMN Employees: 935
- Current # of Leases: 15
- Current SF: 79,634 SF

Duluth

- SoMN Employees: 689
- Current # of Leases: 25
- Current SF: 74,629 SF

Mankato

- SoMN Employees: 450
- Current # of Leases: 17
- Current SF: 46,509 SF



4

Portfolio Analysis

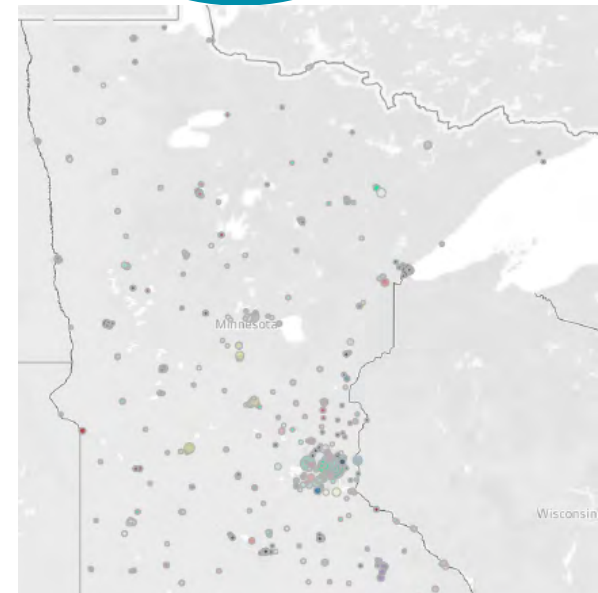
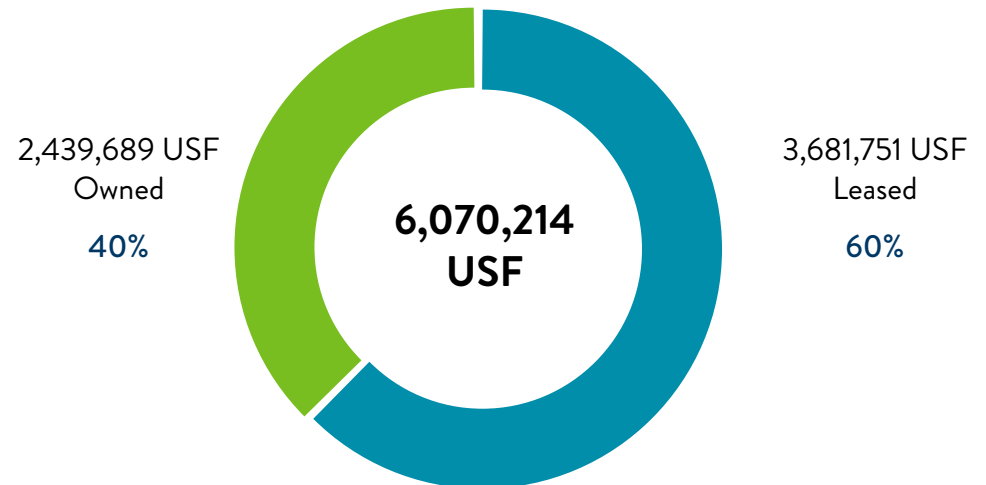
Portfolio Analysis

Existing Locations & Leases

This information was uploaded into CBRE's Vantage Analytics system to provide the analysis on the following pages.

| Leased Portfolio | | |
|------------------|----------------------------|------------------|
| # of Properties | # of Leases with Landlords | Total Usable SF |
| 533 | 661 | 3,681,751 |
| Owned Portfolio | | |
| # of Properties | # of Leases with Agencies | Total Usable SF |
| 49 | 97 | 2,439,689 |
| TOTAL | | |
| # of Properties | # of Leases | Total Usable SF |
| 582 | 758 | 6,121,440 |

Portfolio by Usable Square Feet



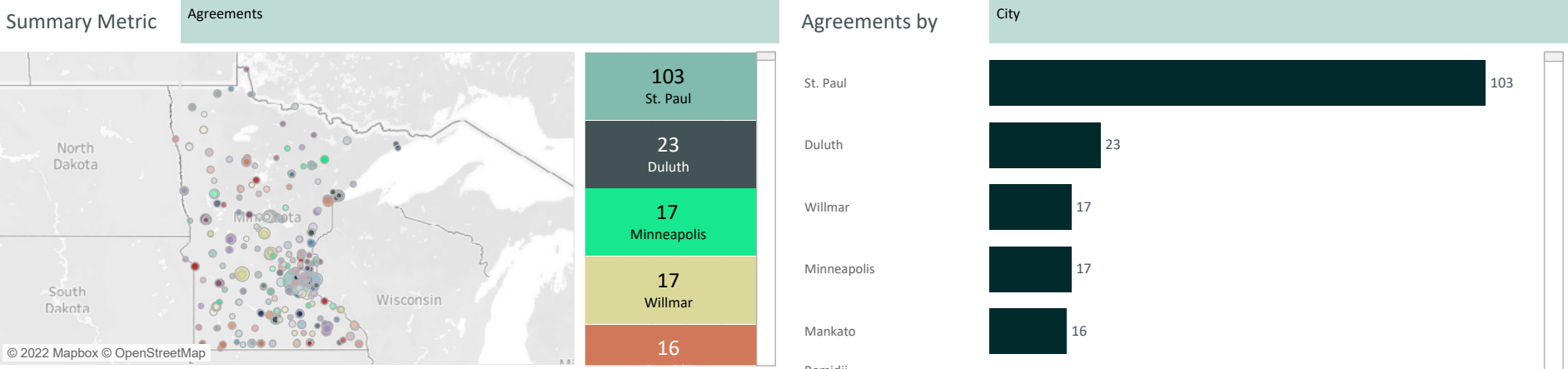
Existing Locations & Leases

Using CBRE’s Vantage Analytics Platform, the team analyzed the State’s leased portfolio state-wide, identifying several trends and areas for attention:

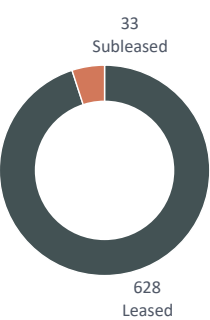
Portfolio Summary



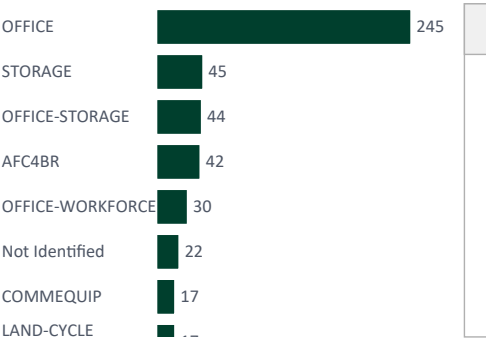
| | | | | | | | |
|------------------|-------------------|---------------|-----------------|----------------------|-----------------------------|-----------------------------|---------------------------------|
| 533 Locations | 661 Agreements | 628 Leased | 33 Subleased | 3,681,751 SF Area | \$85,396,709 Annual Rent | 11.0 years Avg Agreement | 1.8 years Avg Time To Expiry |
|------------------|-------------------|---------------|-----------------|----------------------|-----------------------------|-----------------------------|---------------------------------|



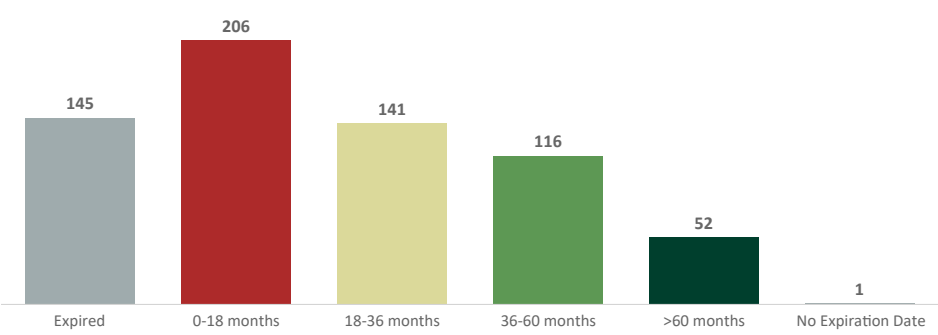
Agreements by Ownership



Agreements by Property Type



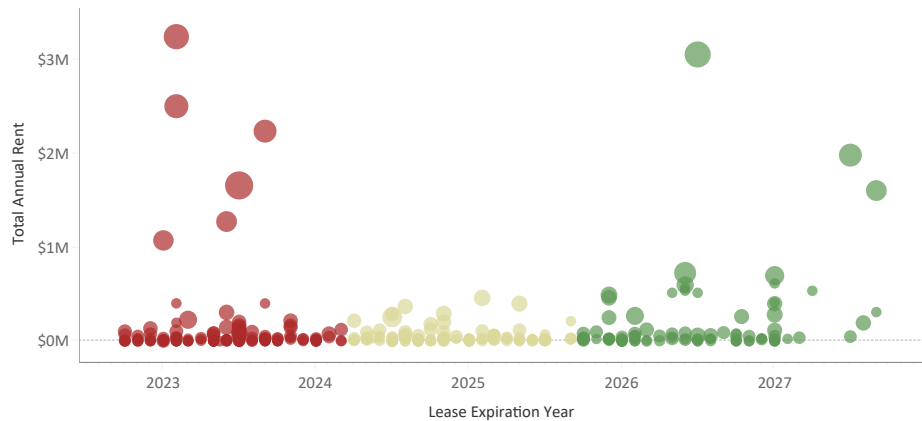
Lease Expirations



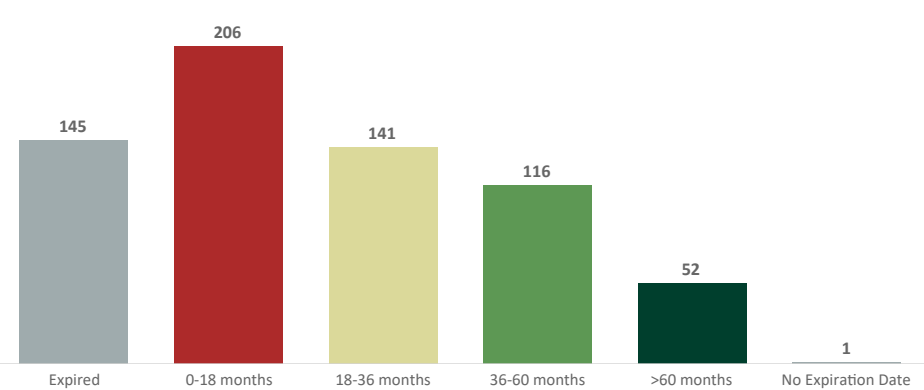
Expiration Overview



Approaching Termination Date Impact



Lease Expirations



Sample Lease Expiration Detail

| Lease Name | Country | City | Total Annual Rent | Rentable SF | Lease Expiration | Months to Expiration | |
|--------------------------------|---------------|-------------|-------------------|-------------|------------------|----------------------|-------------|
| 282 S State St Ste 180 | United States | Fairmont | \$14,256 | 891 SF | 09/30/2022 | 0 | 0-18 months |
| 1830 Airport Rd | United States | Staples | \$6,600 | 1,500 SF | 09/30/2022 | 0 | 0-18 months |
| 355 8Th St E | United States | St. Paul | \$106,480 | 8,000 SF | 09/30/2022 | 0 | 0-18 months |
| 3333 Division St W | United States | St. Cloud | \$70,730 | 3,215 SF | 09/30/2022 | 0 | 0-18 months |
| 26505 County Road 2 | United States | Staples | \$5,947 | 574 SF | 09/30/2022 | 0 | 0-18 months |
| 31167 Big Stone Lake Park Road | United States | Clinton | Null | Null | 09/30/2022 | 0 | 0-18 months |
| 607 W 1St St | United States | Park Rapids | Null | Null | 09/30/2022 | 0 | 0-18 months |
| Sportsmen'S Dock, Rainy Lake | United States | Intl. Falls | \$300 | Null | 09/30/2022 | 0 | 0-18 months |
| An Area Of Maple Avenue | United States | Ortonville | Null | Null | 09/30/2022 | 0 | 0-18 months |
| 4342 Knotting Hill Ln Nw | United States | Rochester | \$31,200 | Null | 10/31/2022 | 2 | 0-18 months |

Rent Gap Summary

\$610,511

Total Potential Savings
29 Leases Above Market

\$775,696

Total Potential Risk
73 Leases Below Market

-7.54%

Overall Rent Variance

441

Total Leases

102 (23%)

Included

339 (77%)

Excluded

Benchmark Availability

All

Beyond Expiration Timeframe

Filter Out

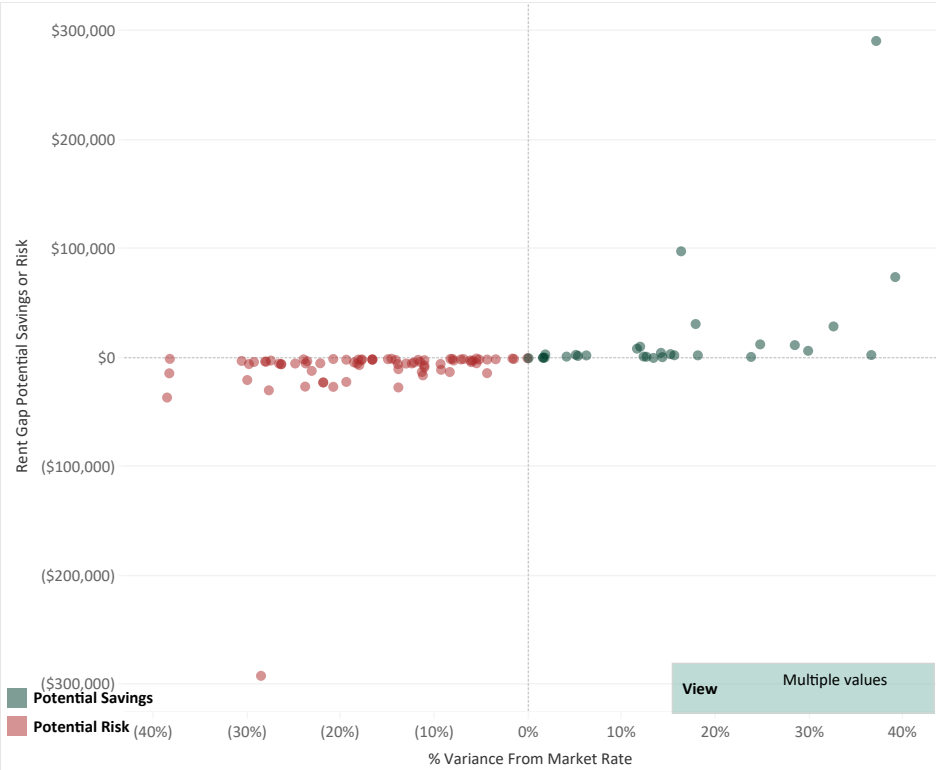
Years

5

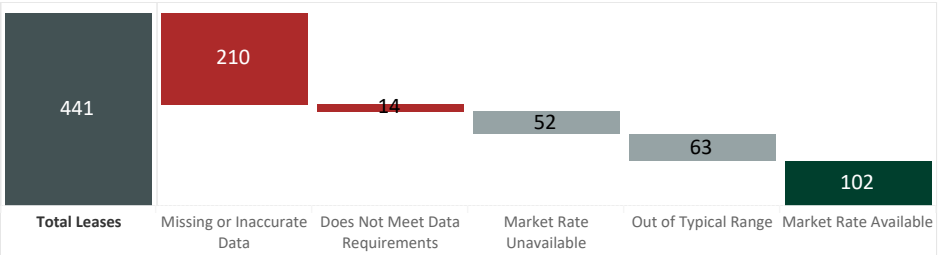
Expiration Date Passed

Filter Out

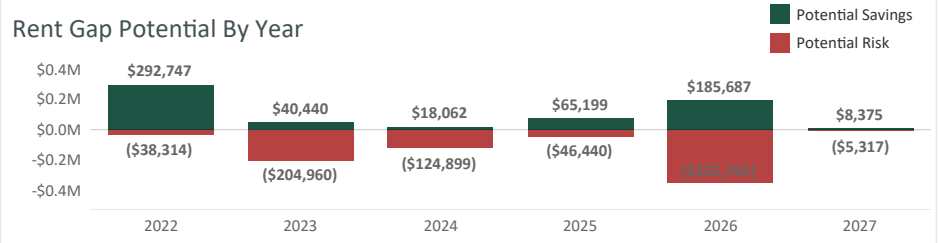
Rent Gap Distribution and Potential Savings/Risk



Exclusion Details



Rent Gap Potential By Year



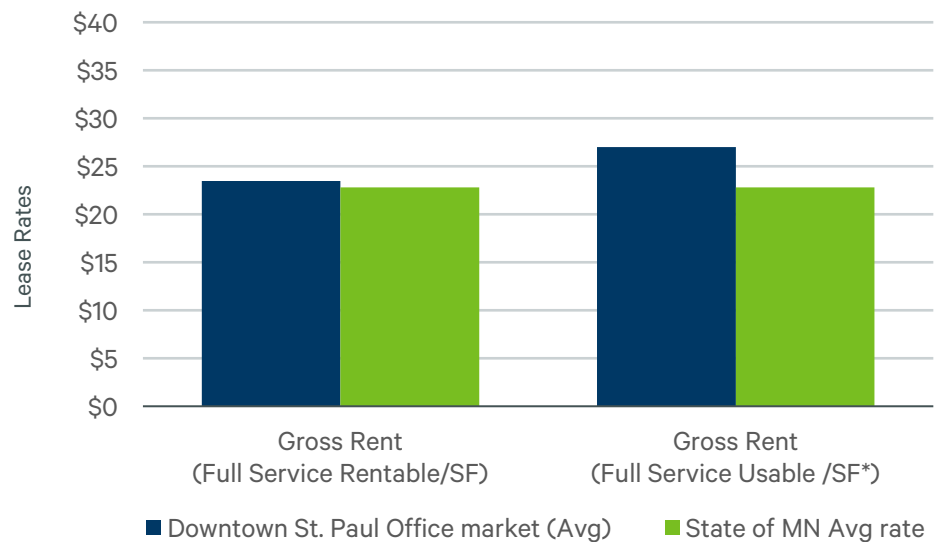
Current Lease Costs & Market Trends - Markets with > ±50,000 SF Occupancy

At the request of RECS, CBRE analyzed current lease costs and market trends in markets with over ±50,000 sq.ft. of State occupied space statewide and completed a comparative analysis with existing leases, summarized below and in the following charts.

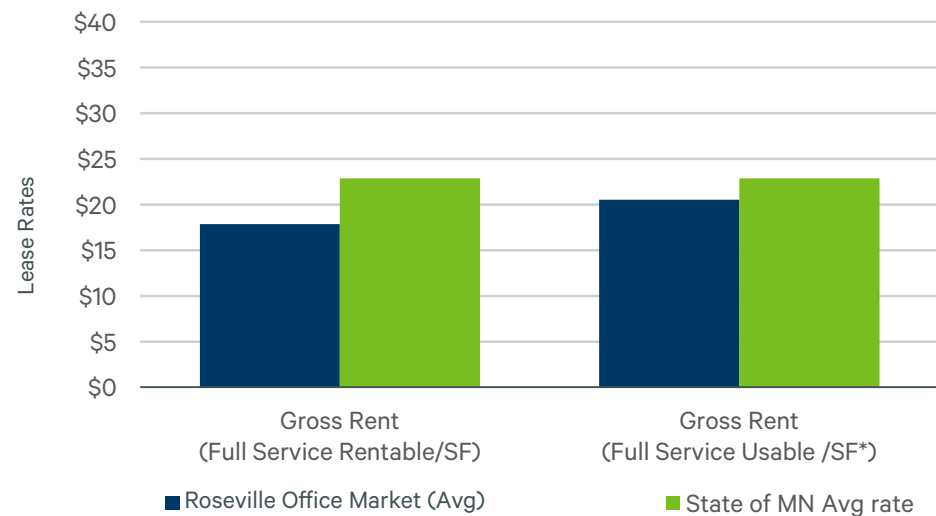
| | Market (average rates) | Gross Rent (Full Service Rentable/SF) | Gross Rent (Full Service Usable /SF*) | Term Length (years) | Improvement Allowance per annual rent/usable SF (***) | Comments |
|---|----------------------------|---|---|---------------------------|--|---|
| 1 | Downtown St. Paul | \$23.47 | \$26.99 | 3-10 | \$3-6 for new leases | Includes Lafayette Park area. Downtown parking rents are usually extra. Market annual escalation: 1.03%/yr on the net rents |
| | State of MN: 2,109,500 USF | \$22.80 | \$22.80 | 7 | \$0 to \$6 for new and renewal | Escalations: 1.02% to 1.03%/yr on the gross rents |
| 2 | Roseville | \$17.85 | \$20.53 | 3-10 | \$3-6 for new leases | Market annual escalations \$0.25/sf/yr net to 3%/yr on net rents |
| | State of MN: 332,895 USF | \$22.85 | \$22.85 | 6 | \$0 to \$7 for new and renewals | Escalations: zero to 3% on gross rents |
| 3 | Downtown Minneapolis | \$31.45 | \$36.17 | 3-10 | \$4-\$8 for new leases | Market annual escalations 2.5%/yr to 3%/yr on net rents |
| | State of MN: 37,158 USF | \$23.25 | \$23.25 | 10 | \$0 to \$7 for new and renewal | Escalations: 1.02%/yr to 1.025%/yr on gross rents |
| 4 | St. Cloud Area | \$22.48 | \$22.48 | 10 | \$0 - \$3 for new leases | Includes Sartell, Sauk Rapids, and Waite Park. Market annual escalations: 2%/yr to 3%/yr on net rents. |
| | State of MN: 79,634 USF | \$17.50 | \$17.50 | 4 | \$0 to turnkey for new and renewal | Escalations: flat to 1.02% per year on gross rents |
| 5 | Rochester Area | \$20.96 | \$20.96 | 3-10 | \$2-\$4 for new leases | Annual escalations: 1.03%/yr on net rents. |
| | State of MN: 41,169 USF | \$21.27 | \$21.27 | 6 | \$0 to turnkey for new and renewal | Escalations: 1.03% to 1.035% per year on gross rents |
| 6 | Duluth Area | \$22.83 | \$22.83 | 3-10 | \$2 -\$4 for new leases | Includes Hermantown. Annual escalations 1.025% to 1.035% per year on net rents. |
| | State of MN: 74,629 USF | \$21.36 | \$21.36 | 5 | \$0 to turnkey for new and renewal | Escalations: flat to 1.02% per year on gross rents. |
| 7 | Mankato Area | \$13.32 | \$13.32 | 3-10 | \$2 -\$4 for new leases | Includes North Mankato. Escalations are \$0.25/sf/yr to \$0.50/sf/ year on net rent |
| | State of MN: 46,509 SF | \$16.50 | \$16.50 | 6 | \$0 to turnkey for new and renewal | Escalations: flat to \$0.50/sf/yr on the gross rents. |

Current Lease Costs & Market Trends - Markets with > ±50,000 SF Occupancy

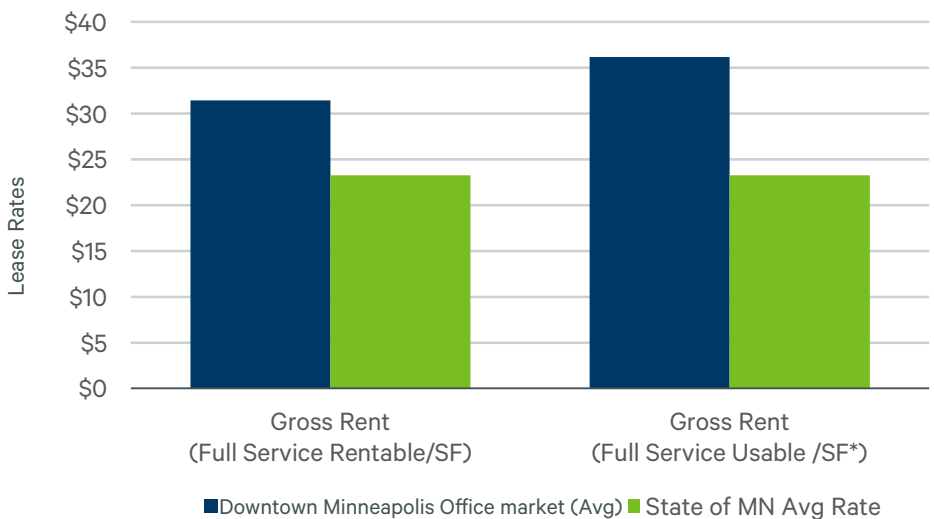
Downtown St Paul



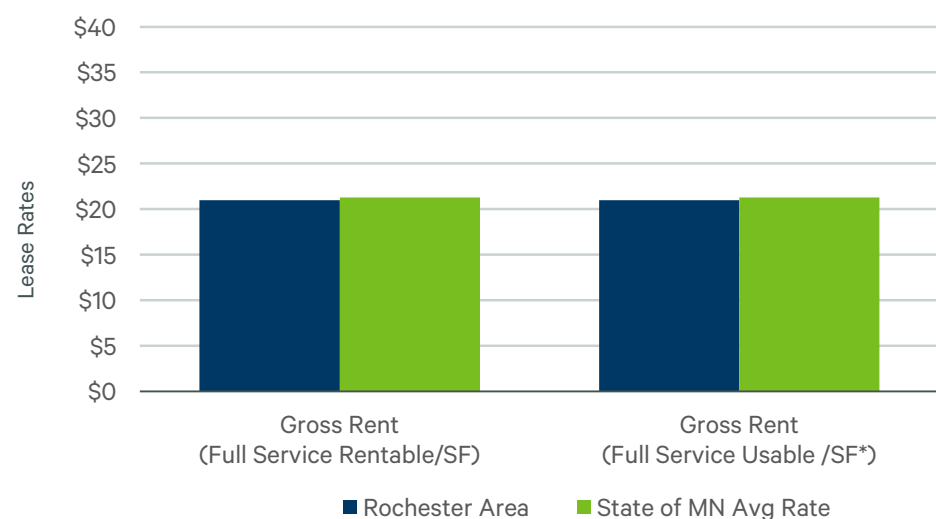
Roseville



Downtown Minneapolis

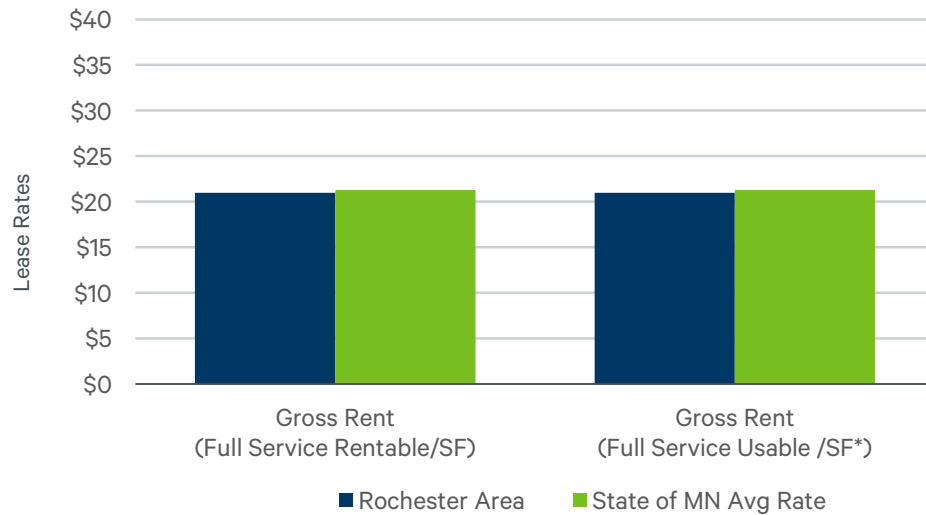


St Cloud

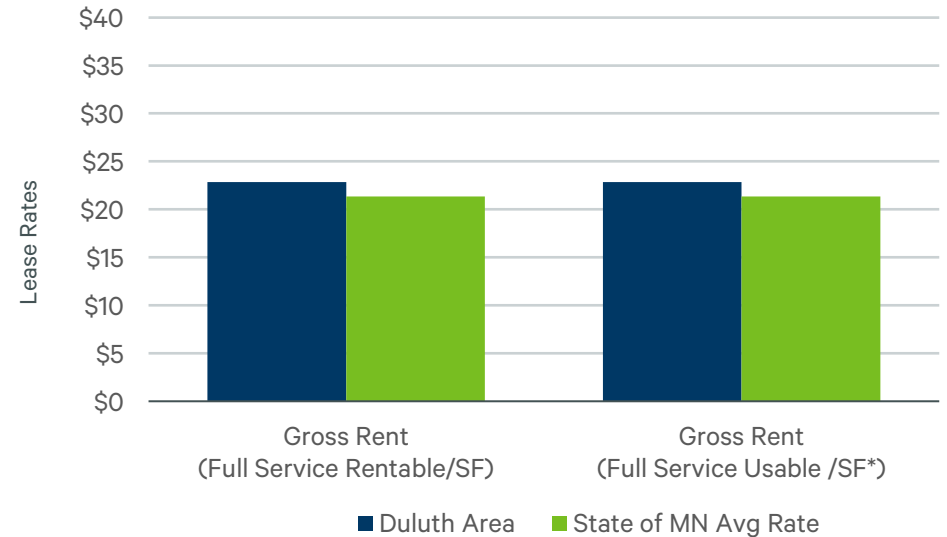


Current Lease Costs & Market Trends - Markets with > ±50,000 SF Occupancy

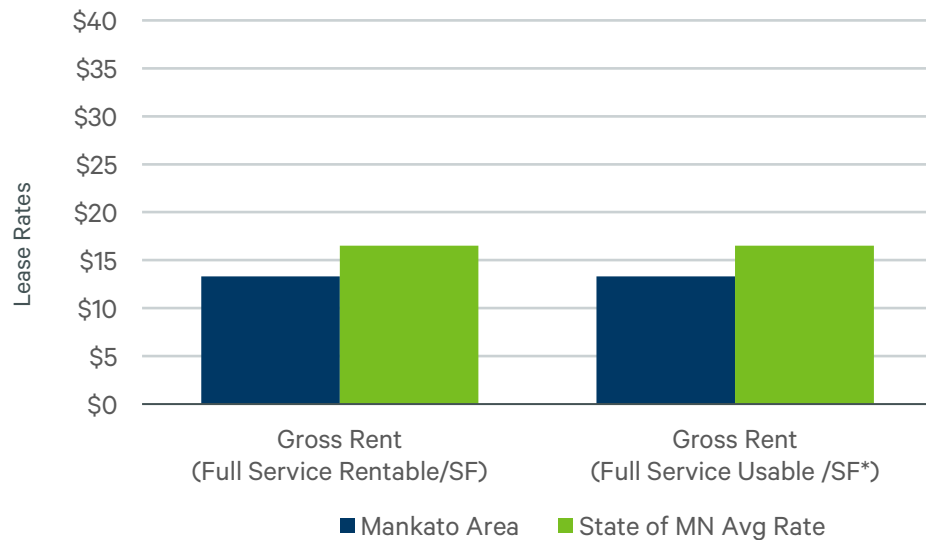
Rochester



Duluth



Mankato



NOTES:

* \$23.47/rsf x 1.15 market standard common area factor = \$26.99. Note some landlords will overlook the rentable vs. usable difference and not raise rates.

** Term length varies based on a new lease versus a renewal, or an expansion, or the user requirement.

*** Landlord provided improvement allowance within the lease rates are a function of if it is a new lease vs a renewal or an expansion, and the length of term. Class A, B, and C lease rates are available quarterly and published by CBRE. The above are 3rd quarter 2021 stats. MNCAR.ORG also publishes quarterly rental rates. Full service includes in suite utilities and in suite and common area janitorial, real estate taxes, repairs/maintenance, security, landscaping. In some instances, Tenant (DOC and DHS) elect to do their own janitorial although those are generally in smaller offices. Some landlords are challenged by the State of MN statute required termination rights

There is no provision to capture free rent, moving allowances or improvements over and above the TIA. In addition, if improvements are amortized over and above the rent there is no provision to record that.

There is also no provision to capture additional items provided in the rent that Landlord would typically charge for. For example, if the building has a conference center that tenants are generally charged for, and the State of MN may have negotiated the use without charge

Current Lease Costs & Market Trends - Markets with > ±50,000 SF Occupancy

Rent and business terms comparisons:

CBRE reviewed the 50 plus larger leases in St. Paul, and the top four leases in the other six submarkets, while comparing that data to Costar, CBRE Research, Vantage, and general market knowledge. We did not take into account the parking costs in our comparison as suburban options typically do not charge for parking. The leases reviewed primarily were office leases, some with a storage or garage component. Warehouse and storage leases were not included in the analysis.

Because most State leases are turnkey in nature, the improvement allowance are not stated with a dollar value in the lease form. Our analysis found only one State lease with free rent, where that is common in office rentals. Putting a value on the State's right to cancel is not an exact science since it could range greatly by landlord and the business terms.

Our analysis found that the State generally negotiates more favorable terms than market transactions. Those terms include operating expense caps, cancel rights, improvement allowances, use of their own lease form, special HVAC provisions, Furniture, Fixtures and Equipment allowances, rent expense on a usable square foot basis, leverage to obtain base building repairs, turnkey improvements versus allowance caps, reduced parking rents, reduced storage rents, timing of rent payments (end of the month) etc.

At first glance the State's escalations are at market however it should be noted that the State's fixed increases are applied to net rents plus tax/CAM and operating expenses while market applies fixed increases to net rent only.

The improvement allowances are at market however most private tenants have caps and generally are not turnkey. The lease terms of 1-10 years is within market, however we anticipate landlords requesting shorter terms due to the increase of inflation.

Areas where the State could improve rent and business terms within its leased portfolio:

- Longer renewal terms
- Escalations applied only to net rent
- Lease in single story suburban buildings where rents and parking costs are typically lower
- Combine offices in areas to get a higher USF
- Explore speculative space options that have FFE included with shorter terms
- Seek suites that have turnkey existing improvements to keep such costs down thereby lowering overall rent. This strategy can be applied to renewals.
- Seek energy efficient spaces

The State has some leases that it cannot improve on because of:

- Its use needs to be in a retail setting
- Its use needs to have a storage component, an indoor parking component, or a non-standard special use (ie: health related or work force center)
- It has to lease in cities where there are fewer options
- A need for swing space for renewal remodeling
- Need to remodel spaces or upgrade spaces to attract workers etc.

Additional indicators by market

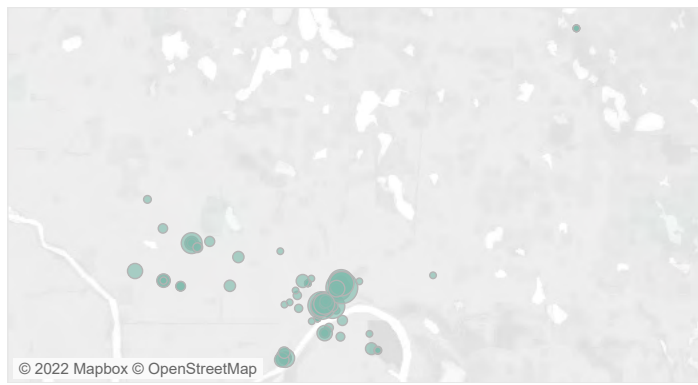
Portfolio Summary

St Paul

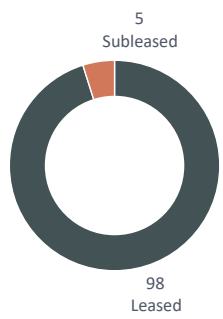
CBRE

| | | | | | | | |
|-----------|------------|--------|-----------|--------------|--------------|---------------|--------------------|
| 50 | 103 | 98 | 5 | 2,109,500 SF | \$49,181,314 | 11.0 years | 3.3 years |
| Locations | Agreements | Leased | Subleased | Area | Annual Rent | Avg Agreement | Avg Time To Expiry |

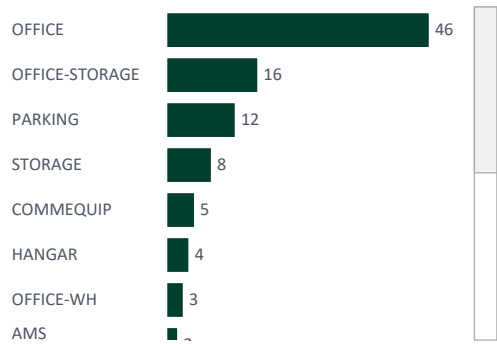
| | | | |
|----------------|--------------|---------------|------|
| Summary Metric | Agreements | Agreements by | City |
| | 103 St. Paul | St. Paul | 103 |



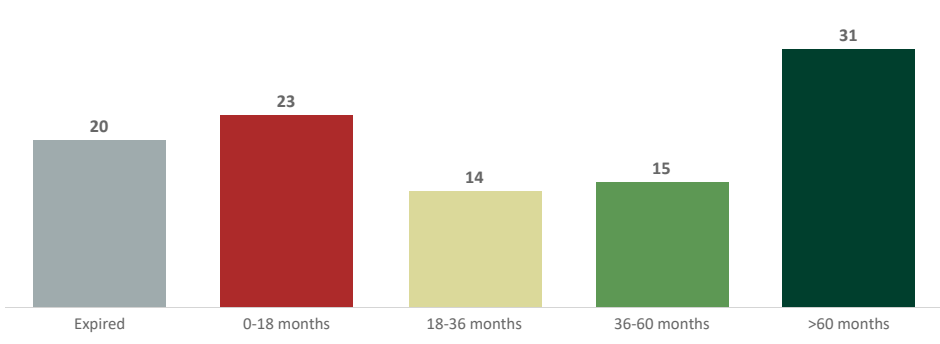
Agreements by Ownership



Agreements by Property Type



Lease Expirations

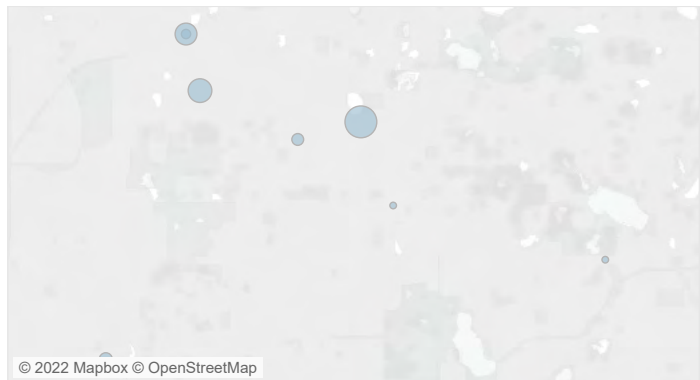


Roseville

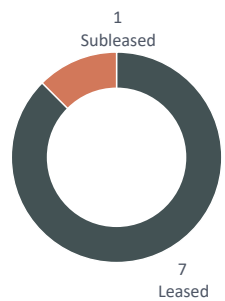
Portfolio Summary



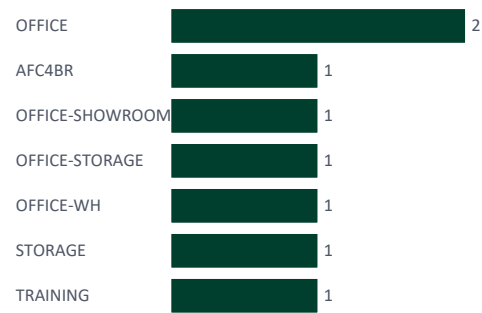
| | | | | | | | |
|----------------|-----------------|-------------|----------------|--------------------|----------------------------|-----------------------------|---------------------------------|
| 7 Locations | 8 Agreements | 7 Leased | 1 Subleased | 332,895 SF Area | \$6,413,208 Annual Rent | 14.8 years Avg Agreement | 1.7 years Avg Time To Expiry |
| Summary Metric | Agreements | | | Agreements by | City | | |



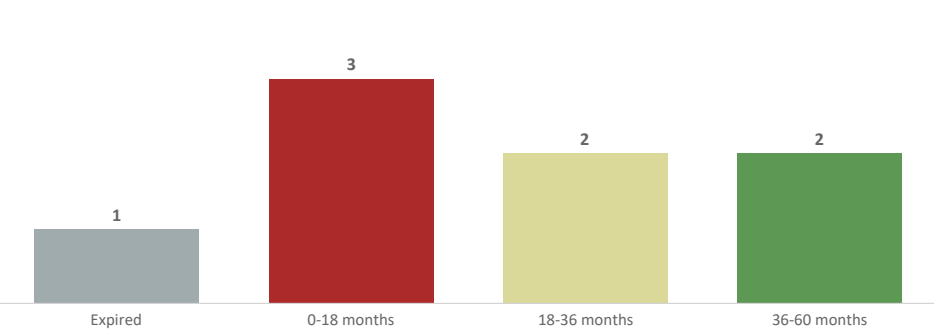
Agreements by Ownership



Agreements by Property Type



Lease Expirations



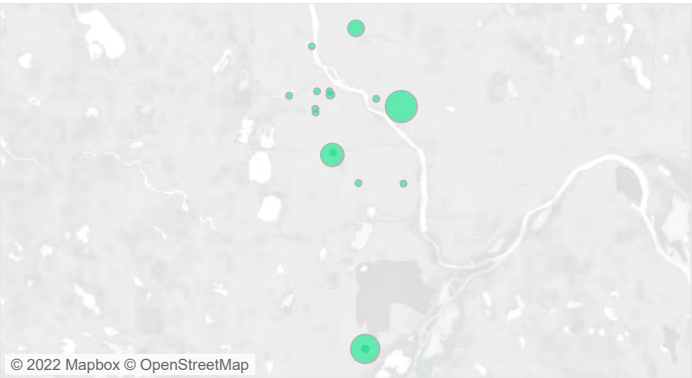
Downtown Minneapolis

Portfolio Summary

| | | | | | | | |
|-----------------|------------------|--------------|----------------|-------------------|----------------------------|----------------------------|---------------------------------|
| 15 Locations | 17 Agreements | 12 Leased | 5 Subleased | 37,158 SF Area | \$3,381,057 Annual Rent | 7.8 years Avg Agreement | 1.7 years Avg Time To Expiry |
|-----------------|------------------|--------------|----------------|-------------------|----------------------------|----------------------------|---------------------------------|

Summary Metric

Agreements



17
Minneapolis

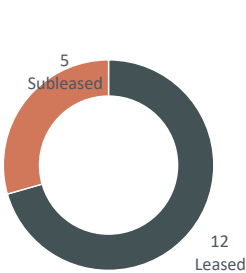
Agreements by

City

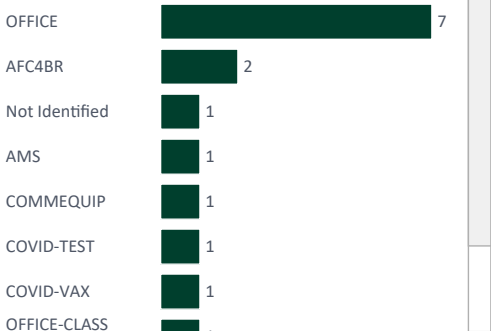
Minneapolis

17

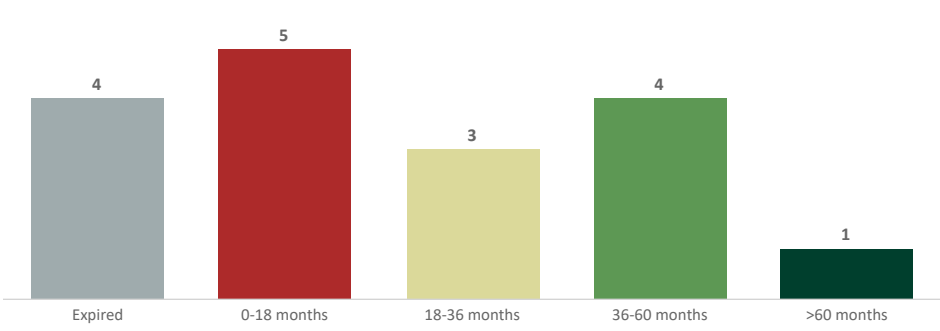
Agreements by Ownership



Agreements by Property Type



Lease Expirations

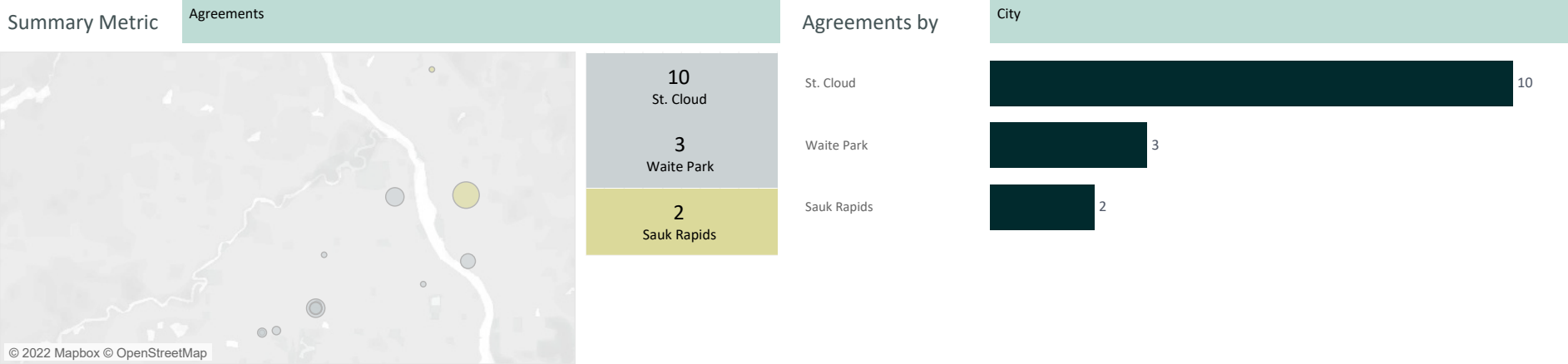


St Cloud



Portfolio Summary

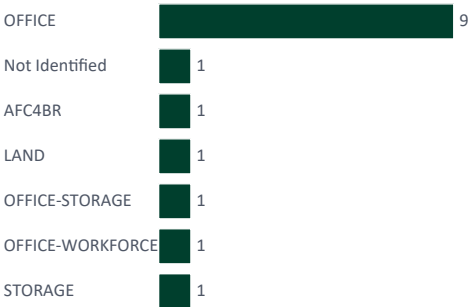
| | | | | | | |
|-----------------|------------------|--------------|-------------------|----------------------------|----------------------------|---------------------------------|
| 11 Locations | 15 Agreements | 15 Leased | 79,634 SF Area | \$1,151,099 Annual Rent | 9.2 years Avg Agreement | 1.5 years Avg Time To Expiry |
|-----------------|------------------|--------------|-------------------|----------------------------|----------------------------|---------------------------------|



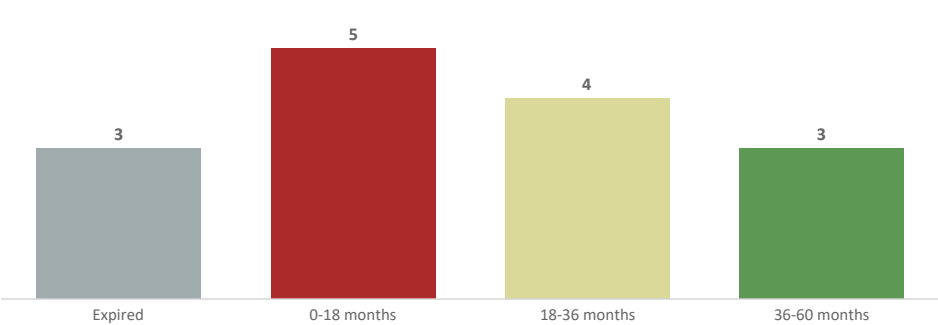
Agreements by Ownership



Agreements by Property Type



Lease Expirations



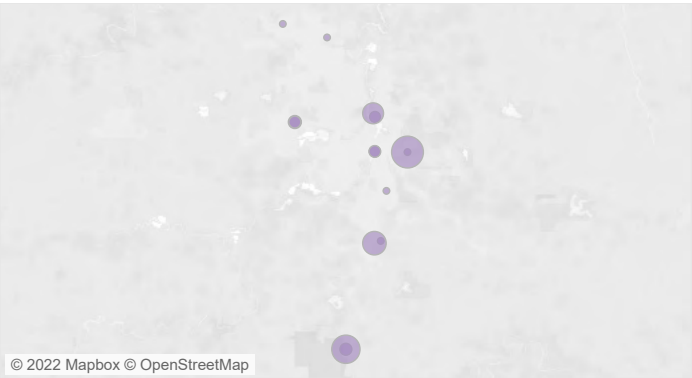
Rochester

Portfolio Summary

| | | | | | | |
|-----------------|------------------|--------------|-------------------|----------------------------|-----------------------------|---------------------------------|
| 11 Locations | 15 Agreements | 15 Leased | 41,169 SF Area | \$1,608,411 Annual Rent | 10.3 years Avg Agreement | 2.2 years Avg Time To Expiry |
|-----------------|------------------|--------------|-------------------|----------------------------|-----------------------------|---------------------------------|

Summary Metric

Agreements



Agreements by

City

Rochester

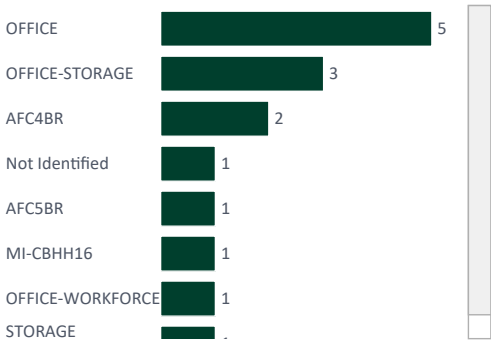


15

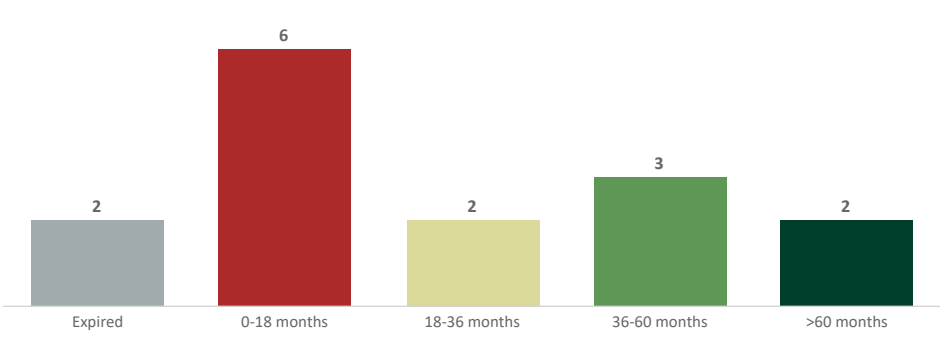
Agreements by Ownership



Agreements by Property Type



Lease Expirations



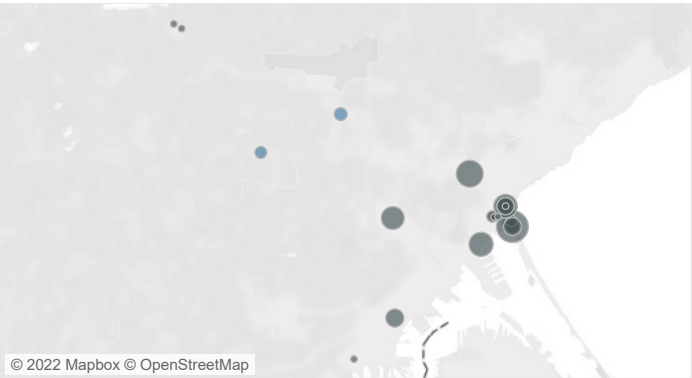
Duluth

Portfolio Summary

| | | | | | | |
|-----------------|------------------|--------------|-------------------|----------------------------|----------------------------|---------------------------------|
| 19 Locations | 25 Agreements | 25 Leased | 74,629 SF Area | \$1,979,165 Annual Rent | 9.9 years Avg Agreement | 1.2 years Avg Time To Expiry |
|-----------------|------------------|--------------|-------------------|----------------------------|----------------------------|---------------------------------|

Summary Metric

Agreements



Agreements by

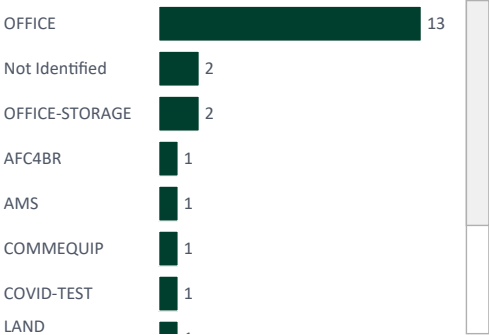
City



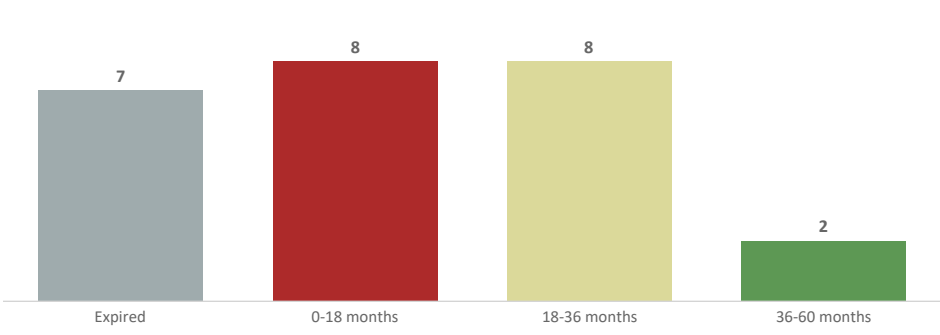
Agreements by Ownership



Agreements by Property Type



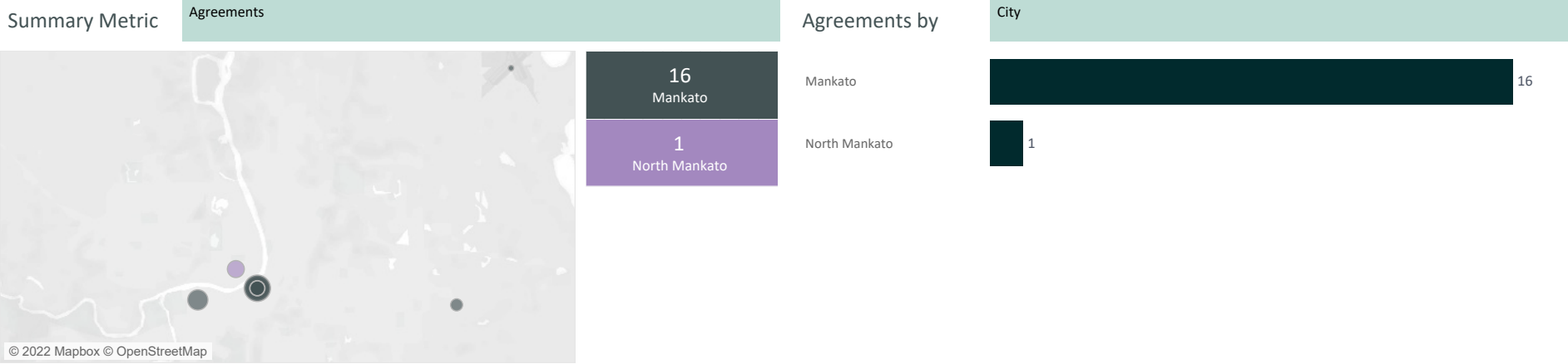
Lease Expirations



Mankato

Portfolio Summary

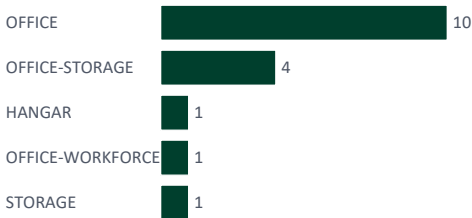
| | | | | | | | |
|-----------|------------|--------|-----------|-----------|-------------|---------------|--------------------|
| 6 | 17 | 16 | 1 | 46,509 SF | \$762,767 | 10.9 years | 1.4 years |
| Locations | Agreements | Leased | Subleased | Area | Annual Rent | Avg Agreement | Avg Time To Expiry |



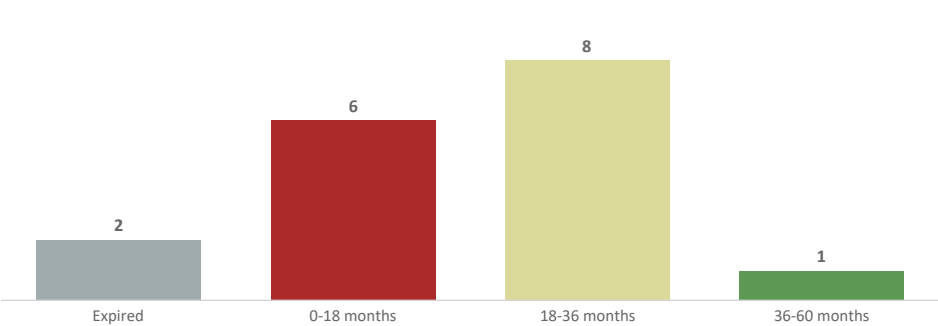
Agreements by Ownership



Agreements by Property Type



Lease Expirations



Current Operating Cost Benchmarks for Comparable Private and Public Sector Facilities

It is CBRE's observation that operating expenses per building incurred by the State are in line with the market, if not lower. Some of these below-market trends are due to the fact that the State does not pay real estate taxes on its owned assets, unlike private owners. When real estate taxes are removed from the private sector owned asset data, the State's operating costs are higher than market. This is in part attributable to the nature of the State's portfolio; the majority of the buildings are mid-century design and construction and are not designed to modern sustainability and efficiency standards. In addition, certain costs are required to be covered in the State's operating costs that are not included in private sector leases. As a result, potential cost savings from the elimination of real estate taxes are offset by higher operating costs associated with these features of the buildings. Ongoing diligent management of deferred maintenance will enable the State to continue to perform competitively against the private sector market on the operating costs metric.

| Subject | Six State-owned buildings in St. Paul | St. Paul Downtown per BOMA | St. Paul Downtown per CBRE | Downtown Minneapolis per CBRE | Minnesota per MNCAR Report | Midwest per CBRE |
|---------------------------------------|--|--|---|---|--|--|
| Source | State of MN | BOMA: Building Owners and Managers Association | CBRE Research Q2/2022 data for Class A Office Space | CBRE Research - Q2/2022 data for Class A Office Space | Minnesota Commercial Real Estate Association | CBRE Global Workplace Strategies and Facilities Management internal benchmark data |
| Operating Exp./RSF | \$12.96 | \$8.41 | \$8.16 | \$9.09 | \$10.96- \$15.23 Avg: \$12.85 incl. taxes | \$4.83 to \$12.96 Avg: \$7.42 |
| Taxes/RSF | NIC | \$5.00-7.00 | \$5.00-7.00 | \$6.72 | \$2.25-\$4.93 Avg: \$3.34 | \$5.00-7.00 |
| In suite utilities/RSF | Incl (\$2.72 avg) | Included | Included | \$2.00-3.00 | Included | Included |
| In suite cleaning/RSF | Included | Included | Included | \$1.50-\$2.25 | Included | \$1.44 to \$2.54 Avg: \$2.11 |
| Repairs & Maintenance & Leasehold/RSF | Incl (\$0.48 R&M + \$1.82 Maint & Leasehold) | Included | Included | \$0.61 - \$1.79 | Included | \$1.64 to \$3.54 Avg: \$1.96 |
| HVAC RRM | Included | Included | Included | Included | Included | Included |
| Other | Included | Included | Included | Included | Included | Included |
| Total/RSF | \$12.96 (\$23.5M on 1.8M RSF) | \$13.41 Class A \$10.95 class B | \$13.16 Class A \$9.71 Class B | \$15.80 (\$9.09 OpEx+\$6.72 tax) | Avg. Class A \$12.85 including taxes | \$14.47 (\$7 taxes + \$7.42 opex) |

Current Operating Cost Benchmarks for Comparable Private and Public Sector Facilities

Notes/observations:

1. Maintenance and Leasehold: These are combined in State data. Market typically would not include leasehold improvements in their OpEx data. Leasehold would be similar to tenant leasing transaction costs in the private market. Landlords self-fund these expenses. However, maintenance expenses are passed through to tenants in the private market.

Because the large Capitol Complex buildings are generally built with materials that are an upgrade (marble) to market, are landmark facilities, and are a tribute to the State, they generally incur greater maintenance and upkeep costs. Landlords typically carry a capital reserve account for major non-reimbursable expenses such as tenant improvements, commissions, vacancy carry, and improvements to the building that are carved out of the expense clause in the tenant lease.

2. Insurance: Assume that the State can self-insure for less than private insurance costs. Note tenants typically have their own general liability insurance as well.

3. Management fees: Typical private management fees are a percentage of the gross revenue of the building. The State self manages. In the private market this can be a profit center for the landlord and manager.

4. BOMA: St. Paul Downtown BOMA 2022 report is coming out in October. Expecting tax/cam/ops to be slightly higher in 2022 than 2021 for full service for Class A averages. The high water mark for such expenses is Wells Fargo Place at \$15.08/RSF followed by Osborn 370 at \$15.05/RSF and Infor Commons at \$14.91/RSF. Buildings can vary widely depending on size of campus, parking facilities, common areas sizes, age, energy efficiency, etc.

5. Gross Building Area: Very likely the State of Minnesota Capitol campus buildings have greater common area than the private sector. Thus the State is carrying the cost of more common area on its expenses.

6. Economies of scale: Since the State has a large portfolio, it can enjoy lower overall operating costs that can be spread over a greater square footage.

7. Voice Data: Typically voice data is a tenant expense and not a Landlord expense passed on to tenants.

Benchmarking to Other State Portfolios

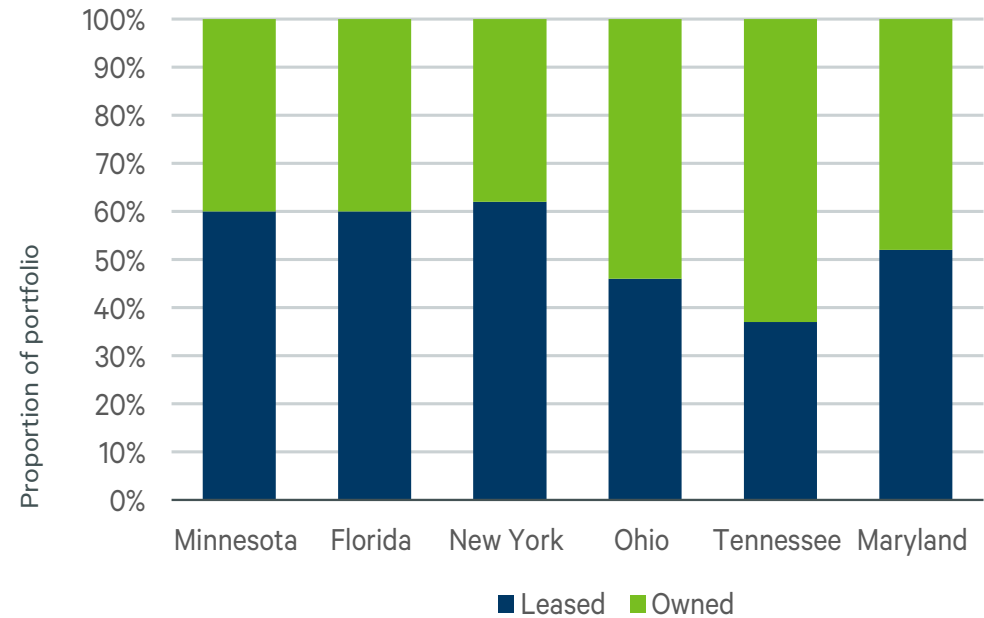
Minnesota's owned and leased portfolio ratio is approximately 60% leased, 40% owned, which compares favorably to several other peer states across the country. An owned portfolio concentrated in and around the Capitol area is also typical.

CBRE commonly recommends a portfolio mix that favors leased versus owned space for several reasons:

- Deferred maintenance on owned properties is a persistent challenge for state and local governments. CBRE routinely observes and studies publicly-owned real estate and finds sub-standard conditions and hard-working employees attempting to maintain 50+ year old buildings with limited budget.
- Leased facilities provide greater flexibility for management agencies, reduced staff expense, and the opportunity for routine upgrades and repairs as part of the lease process.
- When properly negotiated and market-dependent, triple net leases can represent a savings over ongoing operating expenses and capital expenditures for state governments, as shown on page 43.

State employee and leadership preferences related to increased telework and the corresponding scenarios and recommendations CBRE has made in this report would tilt the State's portfolio to be primarily owned real estate. We do not find this shift problematic as it has the net effect of reducing the State's overall footprint, results in more efficient occupancy, and consolidates occupancy in properties the State has a long term interest in retaining at the Capitol Complex.

If the owned properties were not part of the Capitol Complex, we would recommend disposition and move to leased space to capture long-term cost savings and streamline the portfolio.



| State Portfolio Comparison, Leased versus Owned Square Footage | | | | | |
|--|------------|------------|------------|----------|---------|
| | Leased | Owned | Total | % Leased | % Owned |
| Minnesota | 3,700,000 | 2,440,000 | 6,140,000 | 60% | 40% |
| Florida | 7,000,000 | 4,480,000 | 11,480,000 | 60% | 40% |
| New York | 18,800,000 | 11,615,000 | 30,415,000 | 62% | 38% |
| Ohio | 3,900,000 | 4,500,000 | 8,400,000 | 46% | 54% |
| Tennessee | 3,046,042 | 5,252,574 | 8,298,616 | 37% | 63% |
| Maryland | 5,325,940 | 5,000,000 | 10,325,940 | 52% | 48% |

Demolition/Redevelopment Opportunities

Near Term Demolition Opportunity: The Ford Building

Built in 1914, the Ford Building is located at 117 University Avenue W. Saint Paul, located adjacent to the Capitol Complex. The building is 32,148 SF, and has been vacant since 2004.

The Ford Building is currently costing approximately \$35,000 annually to maintain. Due to the deterioration of the roof, the building is experiencing considerable water damage and accumulation of mold which will require significant costs to repair and remediate.

At the request of the RECS, CBRE prepared a lifecycle cost analysis to develop a new 246,000 SF building with a 651 space parking structure on the existing site. The projected costs to do so is \$126 million or \$513/SF. This translates to an average occupancy cost of \$37.45/SF and \$26.74/SF over the next 30 years on a non-discounted and NPV basis, respectively.



Demolition/Redevelopment Opportunities

Long Term Demolition/Redevelopment Opportunity: Centennial Office Building

The Centennial Office Building (COB) is located at 658 Cedar Street on the Capitol Complex in Saint Paul. COB is 213,224 USF and was officially home to over 1,000 employees prior to teleworking. Occupying departments include Minnesota Management and Budget (major tenant), Department of Administration, the Minnesota Campaign Finance and Public Disclosure Board, Minnesota Office of the Legislative Auditor, MNIT Services, Senate (major tenant), the Minnesota Council on Latino Affairs, and the Council on Asian-Pacific Minnesotans.

COB is in below average condition and would require improvements in order to attract and retain employees. At the request of RECS, CBRE prepared three cost analyses for COB based on the following:

1. Complete renovation of existing footprint
2. Complete renovation and addition of one story
3. Demolition and development of a 375,000 SF replacement facility.

The costs of these renovation/development scenarios range from \$102M - \$149M. Based on these costs we recommend alternate approaches to either use the existing square footage without a complete renovation or demolition of the building

In the near term, COB can be used for swing space during implementation of the densification recommendations, conference space, and other temporary uses that may be helpful to Admin.

Should the State choose to maintain ownership of COB, the space could focus on public-facing services. Such offerings would increase visitations and awareness to the campus as well as generate parking revenue. It is assumed that security measures would be implemented to accommodate such alternative uses.

In the long term, the square footage at COB may not be required to accommodate the State's ongoing occupancy based on the recommendations in the Facilities Strategic Plan being implemented. If desired, the State can relieve itself from annual operational costs of \$4.1M per year and required renovations estimated at \$320/SF.



Policy recommendations

In addition to the property-specific recommendations identified, we have also encountered policy conditions that limit Admin and RECS ability to manage the portfolio with maximum bargaining power for the State.

We recommend the following items be explored for consideration, with legal counsel where applicable:

Negotiate co-terminus lease dates to allow for more bargaining power on behalf of Admin.

If leases were co-terminus, multiple agencies could collaborate and negotiate next steps with landlords. This provides for thoughtful decision making for space utilization and improved economics with bargaining power.

Other operational considerations

We recommend Admin continue to standardize operating procedures and requirements across real estate functions to:

- Create ability to better identify co-location opportunities by geography across all agencies
- Promote adherence to state policies and cost reduction guidelines
- Establish consistent assessment procedures for funding allocation for repairs and upgrades
- Establish building operating standards expected to be consistent and at lower costs



Strategic Facilities Plan

State of Minnesota

Department of Administration
Real Estate and Construction Services (RECS)

November 2022

CBRE



WALKER
CONSULTANTS



WALKER
CONSULTANTS



January 2023

State of Minnesota Department of Administration

Operating and Managing Parking and Mobility on the Capitol Complex

DRAFT
1.20.23

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| 2 | Existing Conditions Assessment and Evaluation | 08 |
| 3 | Needs, Issues, Opportunities | 24 |
| 4 | Parking and Mobility Toolbox | 28 |
| 5 | Operations and Management Considerations | 49 |
| 6 | Conclusion and Looking Ahead | 60 |



1

Introduction and Context



DRAFT 1.20.23

INTRODUCTION AND CONTEXT

The State of Minnesota Capitol Complex is at an inflection point. The COVID-19 pandemic has brought on the most significant disruption in work schedules and work patterns among State employees in the history of State governance. State agencies are working to adapt and evolve workplaces and work flows to meet the evolving needs of employees amidst an uncertain future. Many employees have come to embrace flexible and hybrid work arrangements. Employees and agencies alike acknowledge schedule and work flexibility as critical components of job satisfaction, employee recruitment, and employee retention. Across the State, different agencies have different policies, plans, and perspectives on return to office and work and schedule flexibility. Additionally, larger strategic State real estate initiatives are being evaluated in pursuit of efficiency and improved workplace dynamics.

These factors impact the number of people assigned to the Capitol Complex, as well as when, how, and how often these employees physically come to the office, creating challenges for the Department of Administration (Admin) in its management and operations of Capitol Complex parking and transit services. Historically, parking operations and management have been based on certainty: predictable and consistent work schedules and patterns of employees purchasing parking permits, commuting, and parking on campus. Over time, Admin has adapted its operational work flows to follow these patterns in accordance with this demand: permitting, space allocation, budgeting and systems planning, revenue collection, facility repair and maintenance, and enforcement, among others.

As a result of the pandemic, these systems and processes have been significantly disrupted to address this new reality, and Admin endeavors to reevaluate parking, transit, and mobility operations and develop a document to navigate changing workplace dynamics, opportunities and constraints associated with the Capitol Complex in St. Paul.

Through this exercise, Admin is striving to position State agencies for ongoing success while being a conscientious steward of the parking fund and state resources.

Project Process

The study and document detailed herein was executed from Fall 2021 – Summer 2022. Tasks completed during the course of this project included the following:

- Thorough review and assessment of existing parking and mobility policies and programs, including review of current financial data, budget request information, parking and mobility operations and management policies, parking facility and use information, and information on campus buildings and population;
- Close coordination and engagement with Admin leadership and personnel;
- On-site observations and parking data collection;
- Virtual interviews with agency partners and the City of St. Paul;
- Survey of agency employees; and
- Evaluation of peer institutions.

Work was conducted as part of the larger State of Minnesota Department of Administration Strategic Facilities Planning process.

Core Operations and Management Values

As it navigates the future of the workplace and considers how to provide parking and mobility services that meet evolving needs while operating within the context of State government and the Capitol Complex, Admin is guided by the following three core values:



High-quality customer service and support: Admin strives to provide safe, secure, and reliable parking and transit resources and options to those who work on the Capitol Complex, visitors, and customers, options that promote access to the Capitol Complex and State services and enhance the mission of State government. Admin seeks to provide a high degree of customer service and support through integrity, consistency, communications, and transparency.



Fiscal and operational sustainability: Admin is charged with operating, managing, and maintaining Capitol Complex parking facilities and mobility assets under a financial structure that is supported exclusively by fees generated from parking users. The changing dynamics of workplace patterns compel Admin to examine its financial structure. Admin is committed to maintaining ongoing fiscal and operational sustainability of the parking and transit system.



Judicious use of resources: Admin regards the operation and management of the State's access, parking, and mobility system as an exercise in the judicious use of scarce resources, particularly land and money. Parking occupies a significant proportion of the space on the Capitol Complex, and significant funds are required to operate, manage, and maintain the system. Efficient operations and management of parking and transit systems represents responsible use of resources, the potential to recoup land dedicated for parking and transit for other Complex uses, and the limiting of the State's impact on the environment and contribution to global climate change.

These core values permeate all elements of this document.



Document Content and Purpose

This document details the current state of Admin operated and managed parking (focusing on Admin owned parking), transit, and mobility on the Capitol Complex in St. Paul, and provides a guiding framework for future operations and management of these programs. Separated into five distinct chapters, this strategic document serves as a technical appendix to the broader strategic facilities document. This document contains the following content:

Existing Conditions Assessment and Evaluation:

This section evaluates policies, programs, and practices associated with Admin's current parking, transit and mobility operations. This section details the process and learnings of field data collection, data and material review, and stakeholder engagement executed to develop a thorough understanding and evaluation of current conditions. Stakeholder engagement includes examination of stakeholder needs and opinions relative to the current context and the potential future of the workplace for State of Minnesota employees. This section also compares parking and mobility operations on the Capitol Complex with operations of other institutional peers.

Needs, Issues, and Opportunities:

Based on the assessment and evaluation of existing conditions, this section articulates the needs, issues, and opportunities associated with parking, transit and mobility operations and management, categorized by operational workflow. Needs, issues, and opportunities are identified with an eye toward positioning Admin for future success, and provide a basis for the tools, strategies, and considerations provided in Section 4 and 5 of this document.

Parking and Mobility Toolbox:

This section provides a collection of strategies, tools, and best practices for parking and mobility operations and management related to policy, programming, and infrastructure/equipment. Additionally, this section includes implementation considerations and costs and benefits of each strategy, tool, or best practice.

Operations and Management Considerations:

This section provides parking and mobility strategic goals and specific operations and management approaches options meant to address identified needs, issues, and opportunities. Options for implementing the approaches within the context of the Capitol Complex are provided, as well as considerations for ongoing performance management.

This document serves as a framework for Admin, agency partners, and other stakeholders and customers to establish a common understanding of the importance of deliberate parking and mobility management, to establish a common understanding of ongoing parking and mobility needs, values, and opportunities, and to guide leaders and decisionmakers in evolving parking and mobility management and operations on the Capitol Complex in the future.

It is critical that the use and management of parking assets on the Capitol Complex continue to be monitored and plans be updated as work force conditions evolve and normalize over time.



2

Existing Conditions Assessment and Evaluation



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EXISTING CONDITIONS ASSESSMENT AND EVALUATION

Introduction

This section includes a description of the process, findings, and key takeaways of the existing conditions assessment and evaluation performed as part of this study and strategic planning effort. All assessment and evaluation work focused on four distinct parking, transit and mobility system work streams:

- **Parking Inventory and Demand**
- **Operations and Management**
- **Finances and Budgeting**
- **Transit, Mobility, and Transportation Demand Management (TDM)**

Specific needs, issues, and opportunities identified from the existing conditions assessment are described in Section 3 while, Section 4 provides a toolbox of potential individual parking and mobility operations and management strategies. Based on the existing conditions assessment and the needs, issues, and opportunities identified in Section 3, Section 5 provides several options for how the State could operate and manage parking, transit, and mobility on the Capitol Complex in the future.

Planning Context

It is important to understand the context in which this document exists, including foundational past planning work and current synergistic planning. Two important planning efforts that support and inform this document are described below.

Capitol Complex Strategic Facilities Plan

This document exists as a technical appendix to the broader Capitol Complex Strategic Facilities Plan, which provides guidance and a framework for the utilization of Admin leased and owned buildings on the Capitol Complex and small select Minnesota metro areas. While many of the strategies and considerations in this parking and mobility document may be implemented independent of the direction of the strategic facilities plan, facilities planning, and parking and mobility planning are intimately related.

Changes that impact the number of employees assigned to the Capitol Complex, as well as the number of visitors that may visit the Complex, what buildings employees need to access, and the frequency with which employees travel to campus, are closely linked with access, transportation, parking needs, and the operation and management of the Capitol Complex parking and mobility system. Such changes may include growth in employee population, relocation of employees to the Capitol Complex from other locations, consolidation of employees in certain Capitol Complex buildings, and changes in workplace density. More information related to facilities and workplace scenarios, and the corresponding implications for the Capitol Complex parking and mobility system, is included in the Capitol Complex Strategic Facilities Plan.

2009 Capacity and Access Study

A Capacity and Access Study of the Capitol Complex was last completed in 2009. This work assessed the needs and opportunities associated with multimodal transportation access to, from, and around the Capitol Complex. The Study included analysis of mode share and current and projected future parking needs. While important work that provides context for thinking about changes to the Capitol Complex, the conclusions of the 2009 Capacity and Access Study have been upended by the enduring impacts of the COVID-19 pandemic. This means that an entirely different lens must now be used to plan for the future of parking and mobility on the Capitol Complex.



Capitol Complex Context and Parking Inventory

This analysis and the considerations herein focus on all Admin owned and leased parking facilities on the Capitol Complex in St. Paul (north of I-94 and west of Jackson Street), in addition to the mobility services, programs, and options providing access to the Capitol Complex. These parking and mobility facilities, programs, and services provide access to the Capitol Complex for employees and visitors alike. Minnesota State Statute 16B.58 authorizes Admin to operate parking facilities under the custodial control of Admin. Admin Facilities Management Division (FMD) is the specific division within the Admin that operates and manages parking.

Some Capitol Complex parking facilities are not operated by Admin. These include the State Office Ramp and Lot D (managed by the House), Minnesota Senate Garage contract permit spaces (managed by the Senate), the Judicial Garage and Lot L (managed by the Supreme Court). Admin does not determine parking assignments in these facilities, and has limited ability to impact how this parking is managed, maintained, or utilized. At the start of each Legislative session, the Legislature identifies its parking needs and requests changes to the use of Admin-controlled parking as it deems necessary. Additionally, Admin has agreements in place with the House allowing for specific Admin-assigned spaces in Lot D, with the Senate allowing for the Senate to have a defined number of permitted parkers assigned to Admin Ramp, Level F and the Park Lot, and with the Supreme Court to allow Admin assigned and reserved permitted spaces in the Judicial Garage. The Transportation Garage (adjacent to Lot G) is assigned exclusively to the Department of Transportation.

By nature, Admin-controlled parking facilities serve Capitol Complex visitors, as well as (primarily) Executive Branch Agency employees that are assigned to an office on the Capitol Complex or are visiting the Capitol Complex. Admin does not serve employees that do not work on the Capitol Complex and do not park within Admin-controlled parking facilities. However, Admin does aide Agency partners, as needed, and actively works with external partners to improve access, parking, and mobility conditions.

Figures 1 and 2 summarize current Capitol Complex parking inventory.

Most Admin-controlled parking is assigned as regular permit parking, offering access to employees who purchase a long-term parking permit and are assigned to park in a specific facility. Admin-controlled parking includes metered parking, numbered spaces available for paid hourly or daily parking, with payment via multi-space pay station kiosks. There are nearly 800 metered spaces across campus, and this parking is available for use by anyone, visitor and employee alike.

Figure 1: Capitol Complex Parking Inventory

| Facility | Total Spaces |
|----------------------|--------------|
| Administration Ramp | 250 |
| Andersen Ramp | 478 |
| Centennial Ramp | 1,479 |
| 14th Street Ramp | 887 |
| Judicial Garage | 128 |
| Senate Garage | 260 |
| Ramp F | 529 |
| State Office Ramp | 401 |
| Park Lot | 20 |
| Lot AA | 132 |
| Lot BB | 30 |
| Lot C | 210 |
| Lot D | 93 |
| Lot G | 86 |
| Lot H | 66 |
| Lot I | 36 |
| Lot J | 147 |
| Lot K | 82 |
| Lot L | 92 |
| Lot N | 25 |
| Lot Q | 353 |
| Lot U | 39 |
| Lot W | 99 |
| On-Street | 148 |
| Complex Total | 6,070 |

Figure 2: Capitol Complex Parking Inventory Map



Source: Walker Consultants, 2022

Capitol Complex Access, Commuting, and Demand Management

The Minnesota State Capitol Complex has a relatively high proportion of employees who drive alone to work, as determined by a spring 2022 survey of Capitol Complex employees. This survey revealed that, prior to the COVID-19 pandemic, 82% of employees drove alone to work on the Complex, with the drive alone rate increasing to 89% more recently, as shown below:

Figure 3: Current Capitol Complex Employee Mode Split

| Commute Mode | Current | Current Mode Share* | Pre-Covid | Pre-Covid Mode Share** |
|--|--------------|---------------------|--------------|------------------------|
| Walk | 10 | 1.6% | 20 | 1.5% |
| Bike / roll | 16 | 2.5% | 24 | 1.9% |
| Transit / shuttle | 22 | 3.5% | 108 | 8.4% |
| Drive alone | 563 | 89.4% | 1,061 | 82.1% |
| Carpool | 14 | 2.2% | 77 | 6.0% |
| Taxi / ride share | 4 | 0.6% | 2 | 0.2% |
| Motorcycle / moped | 1 | 0.2% | 1 | 0.1% |
| Does not apply/I do not currently work in-person | 774 | | 0 | |
| Does not apply/I did not work for State of Minnesota prior to COVID-19 | 0 | | 111 | |
| TOTAL | 1,404 | 100.0% | 1,404 | 100.0% |

*Excludes employees that indicated that they currently do not work in-person.

**Excludes employees that indicated that they did not work for the state pre-COVID.

Source: CBRE/Walker Employee Survey, Spring 2022

These results suggest an impact on mode share (in favor of drive alone) from the pandemic for those coming to work in person, as well as a significant increase in adoption of work from home and hybrid work styles. Although survey responses were low relative to total Capitol Complex employee population, results are consistent with observed conditions, anecdotal evidence, national trends, and feedback received through stakeholder interviews, and provide a baseline for understanding current mode share and the impacts of the COVID-19 pandemic.

The large percentage of employees who choose to drive alone to work on the Complex is due to a variety of reasons, including the relative availability and affordability of parking, the distance employees live from the Capitol Complex, the lack of viable transportation alternatives, work schedules, among others. The most significant impact of the COVID-19 pandemic evident through the survey results is the proportion of employees working from home or on some sort of hybrid schedule. The pandemic has caused significant change in the number of employees working from home some or all the time, employees who do not need to work at the Capitol Complex for a specific business or customer service function. Agencies are working to adapt and shape their employee workplace policies while continuing to attract and retain employees in a competitive job market. These in-person / remote employee work styles and patterns have a profound impact on the use of parking facilities on campus. Current observed parking demand is discussed in more detail in this section, and considerations for operating and management parking with an eye toward flexibility and adaptability are included in Section 5 of this document.

The Capitol Complex is well-served by Metro Transit public transit including seven Metro Transit bus routes (Routes 3, 21, 62, 67, 68, 71 and 75) and the green Line light rail service. Future transit service is planned in the area, including the B Line BRT replacing Route 21 in 2024, Purple Line BRT in 2026, and the ongoing project to extend the Green Line LRT to Eden Prairie in the southwest suburbs.

These services connect the Capitol Complex with many areas to the north, south and west. Metropass costs \$35/mo for employees that do not have a general parking contract and \$83/month for employees that do have a general parking contract. Prior to COVID, approximately 800 employees took advantage of the transit pass

discount, although that number has been reduced to approximately 300 employees during COVID. Note that these numbers differ from what is displayed in Figure 3, since Figure 3 represents a limited sample of employees.

Survey results shown above indicate that the percentage of employees who walk or bike to work has held steady or even increased during the pandemic era. Bicycle repair stations are located in Ramp F and the Centennial Ramp, and bicycle racks, covered bicycle cages, and bicycle lockers are located throughout campus.

A two-way off-street path runs along Jackson Street to the east of the Capitol Complex and connects to the Capitol City Bikeway in downtown St. Paul. Sidewalks do exist along streets on and surrounding the Capitol Complex, including connecting to downtown St. Paul. The presence of Interstate-94 separating the Capitol Complex from downtown St. Paul does create a physical distance and real and perceived barriers limiting connectivity between the Capitol Complex and downtown.

Additionally, Admin serves as a conduit to external Metro Transit services including ridematching (carpooling) and a guaranteed ride home service for those that do not drive alone to campus and need to access an immediate ride home during the day.



Current Campus Parking Demand

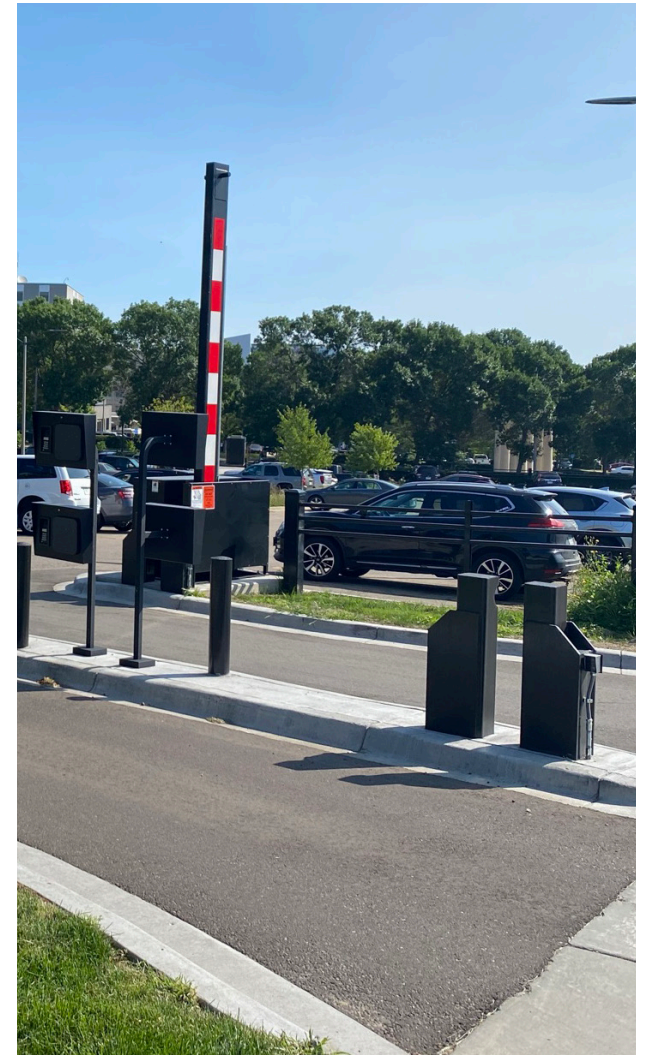
To assess parking demand under the current context of ongoing impacts of the COVID-19 pandemic, Capitol Complex parking facility occupancy was observed on April 5 and April 6, 2022. Parking occupancy is a measure of parking demand and is calculated as the number of parked vehicles observed in a given facility divided by the total number of parking spaces in that facility, typically displayed as a percentage.

Anecdotal evidence suggested that parking demand was significantly diminished due to the impacts of the pandemic, but these dates were selected as the most appropriate dates to capture a current snapshot of parking use behavior, as the Legislature was in session and more employees were returning to work in person (relatively speaking) on the Complex.

All Capitol Complex parking facilities were evaluated, including those not under the control of Admin. **Figure 4** below depicts observed parking occupancy.

Figure 4: Capitol Complex Parking Occupancy

| Scenario | Inventory | Occupancy, April 5th and 6th, 2022 | | | | | | | |
|--------------------------------|-----------|------------------------------------|-------|------------|-------|---------------------------------------|-------|--------------|-------|
| | | Tuesday AM | | Tuesday PM | | Wednesday AM (Peak Parking Demand) | | Wednesday PM | |
| | | Occ. | Occ % | Occ. | Occ % | Occ. | Occ % | Occ. | Occ % |
| Entire Capitol Complex | 6,070 | 1,436 | 24% | 1,370 | 23% | 1,529 | 25% | 1,464 | 24% |
| MN Admin Controlled Facilities | 4,571 | 985 | 22% | 933 | 20% | 1,016 | 22% | 941 | 21% |



Occupancy of the Capitol Complex parking facilities peaked on Wednesday at 10:00 am when 1,529 vehicles were parked on campus. At the Admin-controlled facilities only, parking demand also peaked at 10:00 am on Wednesday, with 1,016 vehicles parked in Admin facilities. This means that over 3,500 Admin-controlled spaces were unoccupied at the time of data collection, suggesting significant suppression in parking demand brought on by pandemic-related work habit impacts.

Figure 5 below depicts the various parking occupancy levels within the Capitol Complex during the peak demand period of 10:00 a.m on Wednesday, April 6th. Each facility has a color pertaining to the observed parking occupancy during the peak demand period, and is labeled with the facility name, the occupancy percentage, and the number of unoccupied spaces during the peak demand period.

Figure 5: Peak Parking Occupancy By Facility

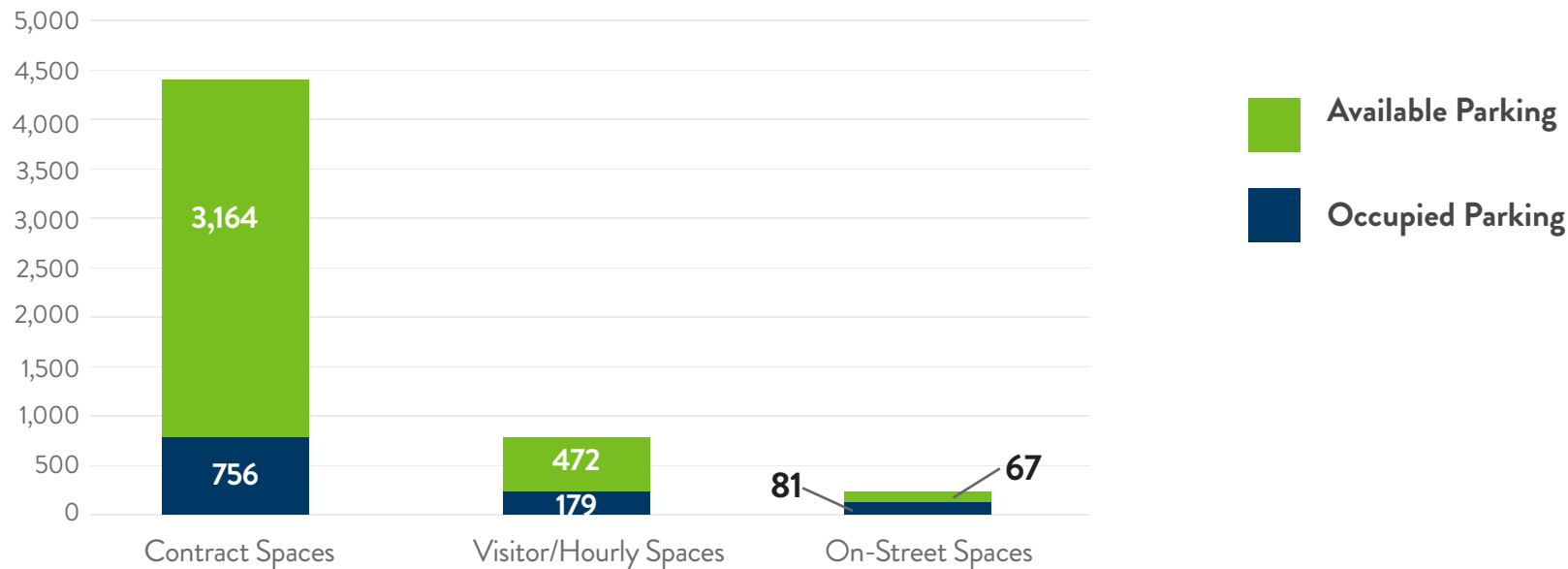


Source: Walker Consultants, 2022

Within the Complex, all off-street parking facilities experienced less than 70 percent occupancy (yellow shade on the map), while most experienced less than 50 percent occupancy (green shade). Sherburne Avenue between Cedar Street and Rice Street was the only on-street area to experience greater than 70 parking occupancy, with the portion between Park Street and Rice Street experiencing greater than 85 percent occupancy. This isolated higher level of parking demand could be attributed to patrons of the commercial establishments on Rice Street, particularly in the middle of a weekday when parking occupancy counts were performed. Parking facilities over 85 to 90 percent occupied are considered effectively full; industry standards and best practices suggest efficient use of off-street facilities can be achieved as high as the 85 to 90 percent occupancy level, especially in facilities with parkers that come regularly (e.g., permitted parkers).

Figure 6 below identifies occupied spaces for each type of user during the 10:00 a.m. peak demand period in Admin-controlled facilities only.

Figure 6: Occupied and Empty Spaces at Peak Demand, Administration-Controlled Facilities Only



Source: Walker Consultants, 2022

The total parked vehicles observed was 1,016 in Administration-controlled facilities during the peak demand observation period. On-street spaces were the only parking type experience greater than 50 percent occupancy, with 81 parked vehicles and 67 available spaces. There were 472 available visitor/hourly spaces, and a significant 3,164 available permit spaces. This represents the majority of parking spaces at the Capitol Complex during the peak-of-peak demand period in 2022.

Parking Demand and Parking Permits

Figure 7 below compares the number of active contract parkers in Admin-controlled facilities versus the number of peak occupied contract spaces observed during data collection.

Figure 7: Current Parking Demand vs. Current Parking Permits

| Facility Name | Total Contract Parkers | Contract Parker Peak Demand | Occupancy % of Contract Parkers |
|------------------------------|------------------------|-----------------------------|---------------------------------|
| 14th Street Ramp | 561 | 133 | 24% |
| Administration Ramp Total | 284 | 99 | 35% |
| Andersen Ramp | 371 | 69 | 19% |
| Centennial Ramp Blue Level | 248 | 49 | 20% |
| Centennial Ramp Green Level | 309 | 142 | 46% |
| Centennial Ramp Orange Level | 35 | 2 | 6% |
| Centennial Ramp Purple Level | 258 | 45 | 17% |
| Centennial Ramp Red Level | 140 | 18 | 13% |
| Lot AA | 29 | 0 | 0% |
| Lot C | 25 | 3 | 12% |
| Lot G | 104 | 12 | 12% |
| Lot H | 60 | 11 | 18% |
| Lot I | 40 | 18 | 45% |
| Lot J | 150 | 48 | 32% |
| Lot K | 15 | 5 | 33% |
| Lot Q | 205 | 55 | 27% |
| Park Lot | 11 | 7 | 64% |
| Ramp F Total | 220 | 40 | 18% |
| Total | 3,065 | 756 | 25% |

Of the 3,065 parkers that could potentially park in a permit (contract) parking space (as of February 2022), only 756 did so at the peak demand time during our occupancy surveys in early April. This represents 25 percent of spaces that were occupied by a permit parker. In each facility, all permit spaces were less than 50 percent occupied except for spaces at the Park Lot. Most facilities had less than 35 percent of permit spaces occupied. In total, there were 756 observed permit parkers versus approximately 3,065 permit holders. Considerable permit parking availability exists at locations throughout the Capitol Complex, suggesting potential opportunity for space reallocation and/or modification in operations and management approaches. However, ongoing uncertainty in the future use of space on the Capitol Complex will require flexibility to adapt to the operations and management of parking on an ongoing basis.

Parking demand data collection conducted in April 2022 was conducted to evaluate current parking behavior and needs under current work dynamics brought on by the impacts of the COVID-19 pandemic. This data represents a snapshot of information, but suggests significant ongoing suppression of parking demand, and the need for reevaluating parking operations and management approaches. More information on specific identified needs, issues, opportunities, and strategies related to parking operations and management can be found in the sections that follow.

Parking Operations and Management

According to Admin, the following employees are eligible to purchase parking contracts:

- Federal employees located on the Capitol Complex.
- Legislative interns located on the Capitol Complex.
- Non-state entities conducting verifiable business with the State of Minnesota.
- State agencies.
- State employees located on the Capitol Complex.
- Agencies located outside the Capitol Complex with frequent Capitol Complex business.
- Congressionally chartered veteran organizations.

Employees may request and are assigned to park in a specific facility, pursuant to a priority ranking order, on a first-come, first-served basis. Facility parking waiting lists are maintained, as necessary, and Admin oversells permits to account for the fact that not all contract parkers are on campus every day. Payment for parking contracts is made through payroll deduction, SWIFT, cash, or check. Physical hang tags of various colors are

issued to contract parkers for facilities that do not have access controls. Those seeking contract parking must contact Admin via telephone or email or apply in person at Admin's office. It is important to note that Admin is currently transitioning to a new system where those seeking parking may apply via an online customer portal and use the portal to manage account information.

Standard contract parking rates range from \$47/month for uncovered surface parking, to \$82/month for parking ramps, to \$165/month for parking in enclosed parking garages. Once a driver obtains a parking contract, that contract exists in perpetuity, so long as the contract holder remains employed and meets the required payment obligations of the contract. Once a contract holder gives up a parking contract, that employee relinquishes their contract rights. If desired, they are placed at the end of the list to receive a new contract in their chosen facility.

As of February 2022, there were approximately 4,500 active parking contracts on the Capitol Complex. That figure compares with more than 7,000 parking contracts on the same date in 2020, a reduction in the number of contracts of more than 35%.

For reference, Contract permit assignments by parking facility are included in **Figure 8** below.

**Lot X is currently not part of the Capitol Complex parking inventory, but was at the time of analysis.*

Figure 8: Active Contract Parking Permits, by Assigned Facility (as of February 2022)

| Facility | Active Permits |
|----------------------|----------------|
| 14th Street Ramp | 561 |
| Administration Ramp | 284 |
| Andersen Ramp | 371 |
| Centennial Ramp | 990 |
| Judicial Garage | 76 |
| Lot AA | 29 |
| Lot C | 25 |
| Lot D | 87 |
| Lot G | 104 |
| Lot H | 60 |
| Lot I | 40 |
| Lot J | 150 |
| Lot K | 15 |
| Lot L | 126 |
| Lot M | 364 |
| Lot N | 26 |
| Lot Q | 205 |
| *Lot X | 96 |
| Lot Z | 2 |
| Senate Garage | 244 |
| Park Lot | 11 |
| Ramp F | 220 |
| State Office Ramp | 383 |
| Other Locations | 63 |
| Total Permits | 4,532 |

Source: MN Admin Facilities Management Division

The COVID-19 pandemic has certainly impacted the number of employees that commute to the Capitol Complex to work in the office on a daily basis, and future work arrangements are still being explored and refined. Despite these impacts on commuting and parking demand, many employees have been reluctant to relinquish parking permits. Based on conversations with Admin personnel and others on the State's working group for the Capitol Complex Strategic Facilities Plan project, this reluctance on the part of employees stems from the fear of losing parking location privileges and being forced to restart the permit application process if employees are again required to commute to the Capitol Complex as they had been in the past.

In addition to contracts that permit parking five days per week, Admin also offers parking contracts for Monday only and Friday only, and both Monday and Friday, at reduced monthly rates, in select facilities. These permits are offered for prices ranging from \$11/month in a parking lot up to \$35/month in a ramp, with contract spaces available in the 14th Street Ramp, Andersen Ramp, Administration Ramp and Lots C, G, J, and Q.

Admin also offers flexible contract parking options including a flexible daily contract option, which allows employees to park and pay for the number of days parked in a two-week period, with post-payment made via payroll deduction. The flexible daily parking option is new as of Spring 2022 and was developed to accommodate varied work schedules brought on by the COVID-19 pandemic. Flexible daily parking is available on the upper level of Ramp F and the Centennial Red level. The rates for flexible daily parking are structured such that, after four days parked in a bi-weekly period, the total amount paid (\$31.00) is lower than what would be paid if the employee were using daily metered parking.

Under the current structure, general ramp parking permits become advantageous after seven or more days parked in a bi-weekly period. Admin conducted a lottery in Spring 2022 to determine facility assignments.

Parking rules and regulations within Admin parking facilities are enforced by Capitol Security, an entity of the Minnesota Department of Public Safety and separate from Admin. In contract parking areas, Capitol Security personnel are tasked with observing and monitoring the facility for any security concerns, as well as identifying vehicles that are not displaying the proper permit. In areas with metered/visitor parking, Capitol Security officers are tasked with pulling records of current paid parking sessions and ensuring that numbered metered/visitor spaces match the paid parking session record. If vehicles are found to be parked in contract areas without a proper permit or in metered/visitor parking spaces without proper payment, Capitol Security will issue those vehicles a citation with an associated fine.

Visitors to the Complex park in numbered spaces in facilities where visitor parking is permitted. These spaces act as metered spaces, where visitors (and employees) may park and pay by the hour or day. Rates are \$2.00 per hour, with a daily rate of \$8.00 (in-and-out access is not permitted). Payment is via physical multi-space pay station kiosks located at these facilities.

Electrical vehicle (EV) charging stations are located in several parking facilities across campus including Lot C and Ramp F (available to visitors), Centennial Ramp, Andersen Ramp, Administration Ramp, MN Senate Garage, State Office Ramp, 14th Street Ramp, and Ramp F contract area. EV charging at meters is \$4/hour: \$2 for parking + \$2 for electric service fee.

As of the 2021 legislative session, Minnesota Statute 16B.24, subd. 13 was enacted, requiring Admin to charge an electric vehicle service fee to cover the cost of EV charging on the Capitol Complex. The fee is currently set at \$52/month, which is added to the cost of the regular employee permit rate and allows for unlimited charging while employee vehicles are parked in EV spaces.



Admin Parking and Mobility Operations Finances and Budgeting

The parking, transit, and mobility program serving the Capitol Complex, as well as construction and maintenance of the parking facilities themselves, is primarily funded by Admin through user fees charged to contract and visitor parkers, as well as revenue from the Metro transit program. By rule, Admin cannot generate a profit from their operations. While a portion of the program is statutorily required to be user financed, specifically, the debt service associated with the construction of Ramp F, the Andersen Ramp, and the MN Senate Garage, there is no statutory requirement that the entire parking program be fully user financed.

Changing Admin goals over time means that the parking fund has gone from periods of surplus to the periods of deficit. Historically, Admin has been able to fund all the operating expenses and a portion of the capital costs of the parking, transit, and mobility program through parking and transit user fees. However, the desire to remain user-funded, while also keeping parking rates competitive for the end user, has resulted in a build-up in deferred facility maintenance and an inability of Admin to replace aging parking equipment and other technology.

Prior to the COVID-19 pandemic, the revenue generated by Admin through the sale of contract and visitor parking, as well as Metropass revenue, grew consistently due to parking rate increases enacted in FY 2015, FY 2016, and FY 2017. However, between the most recent parking rate increases in FY 2017 and the onset of the pandemic in March 2020, the revenue collected by Admin stagnated, while operating expenses and capital repair and maintenance costs continued to

rise. Increasing costs and flat revenues have resulted in consistently declining Net Income and Retained Earnings.

Parking rates were increased in the past, partially, to cover new debt service associated with Ramp F and the Minnesota Senate Garage. Despite these rate increases, in FY 2019 (pre-pandemic), Parking had almost a \$600k Net Loss. Significant growth in several operating expense categories is partially the reason for annual net losses. Items such as Salaries & Benefits, Centralized IT Services, and Statewide Indirect Costs have all increased significantly over the past 5+ years. Capital expenditures related to parking facility maintenance also increased significantly from \$340k to over \$1M from FY 2018 to FY 2022 and is averaging \$740k annually over the past 5 years.

Pandemic-related shutdowns and remote work policies decimated parking, transit, and mobility revenues in 2020 and 2021. Additionally, the slow return to in person work on the Capitol Complex continues to negatively impact revenues in 2022. Ongoing flexible work arrangements resulting in lower demand for parking on the Capitol Complex will only exacerbate the financial issues, as Admin must operate and maintain the same or similar quantity of parking inventory with reduced revenues.

Increasing parking rates is one method Admin can use to generate more revenue, but paid parking is consistently cited as a negative to State employee recruitment and retention efforts, per Agency and Department heads interviewed as part of the Capitol Complex Strategic Facilities Plan project. Additionally, parking, including cost, was the third most common challenge employees said they encountered when working in the office prior to COVID-19, behind only commuting and in-office distractions. Of the more than 1,000 State employees

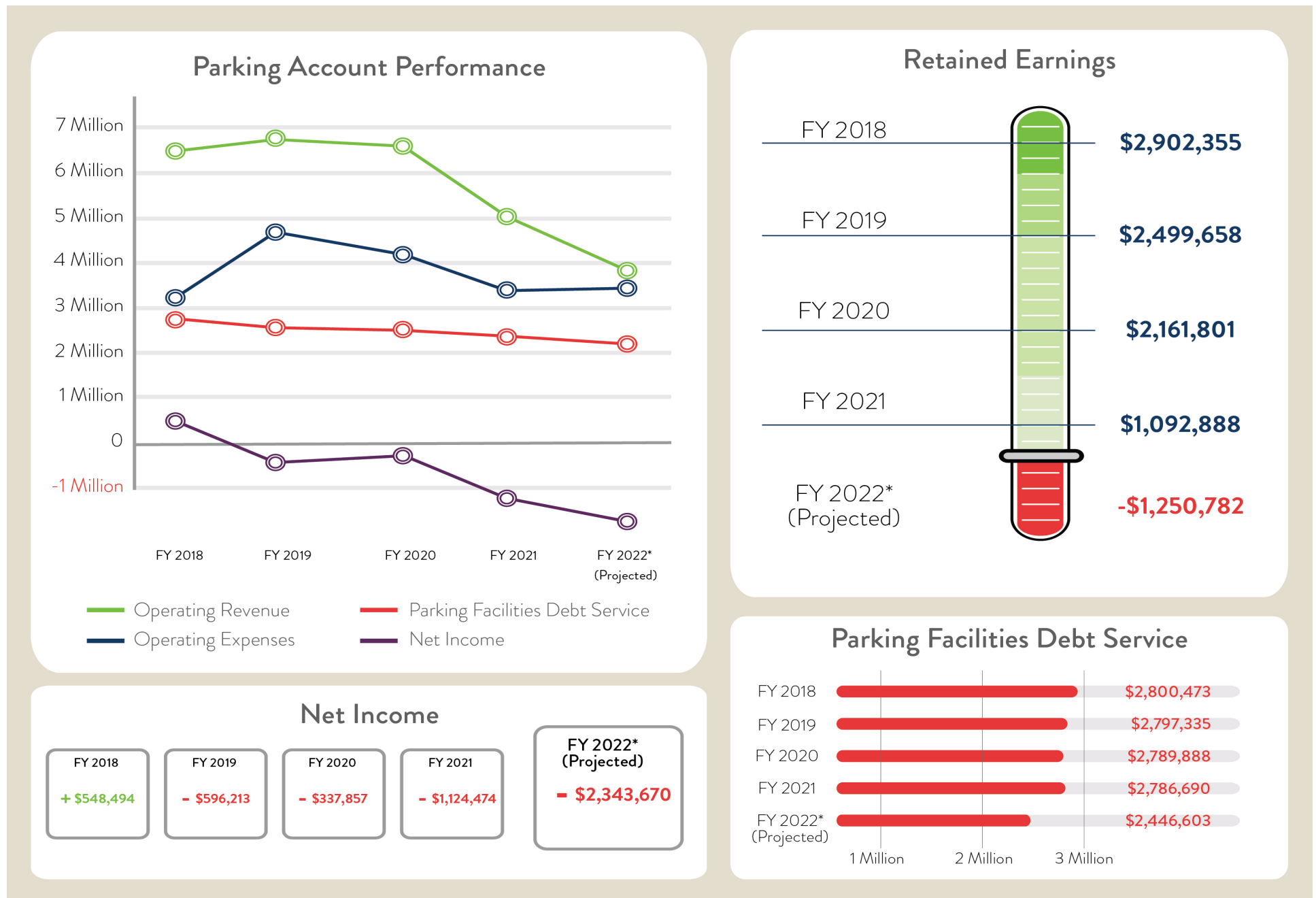
surveyed during this project whose primary work location is the Capitol Complex, nearly 46% cited parking as an issue when they worked in person at an office prior to the pandemic.

To help improve the parking fund's financial outlook, during the Legislature's most recent session, Admin recommended that the user financing requirement for Ramp F be permanently eliminated, reducing transfers into the general fund by a little more than \$1 million annually beginning in FY 2023. While the State chose not to remove the user financing requirement for Ramp F, in the Revised 2022-23 Biennial Budget, the Governor recommended temporarily eliminating the statutory requirement that an amount equal to the required debt service payment on the Minnesota Senate Garage be transferred from the parking fund to the general fund. This change would have reduced transfers from the parking fund to the general fund by \$993,000 in both FY 2021 and FY 2022. However, this proposed change was not enacted.

In addition to the recent, temporary budget relief described above, in FY 2022, Admin received \$3 million in federal relief to aid in the payment of operating expenses, to counteract pandemic-related drops in revenue. Admin has also made strides to reduce operating expenses through salary reductions, postponing repairs and general maintenance, and minimizing overtime expenses over the past two years. However, despite these temporary and permanent measures, Admin's parking, transit, and mobility program continues to face a future of financial uncertainty, due to the unknown nature of in-person work on the Capitol Complex.

Figure 9 presents Admin's actual annual financial results for the parking, transit, and mobility program for FY 2018 through FY 2021, as well as the projected results from FY 2022.

Figure 9: Parking Financials



Note: * FY 2022 projected calculations does not include the \$2,300,000 in Federal Relief Grant funding received

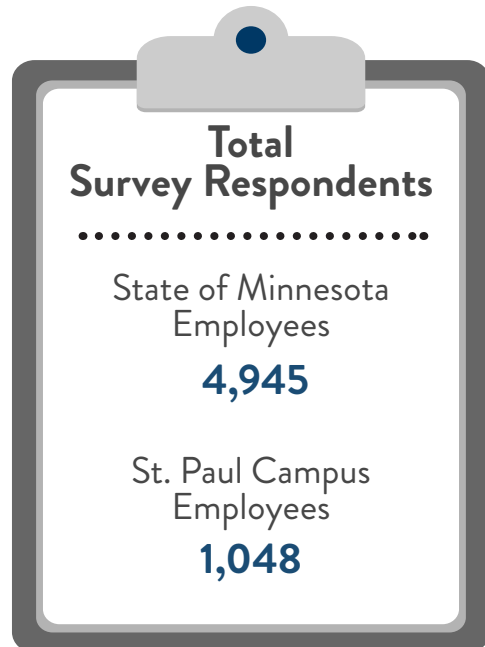
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Stakeholder Engagement

Stakeholder Survey

An employee workforce preferences and sentiment survey was conducted in early spring 2022 as part of the facilities strategic planning process and distributed to agency leaders. The survey gathered input from leaders and employees over a 3-month period. Additionally, employees from State agencies and boards were interviewed in a series of virtual listening sessions.

The following is a summary of key takeaways from engagement. Results indicate the significant impact that commuting and parking have on employees their experience with and perceptions of working on the Capitol Complex. Additionally, employees indicated a strong preference for flexible parking options moving forward in response to altered work styles and times they expect to work in-person.



The following key takeaways is representative of the 1,048 respondents on the St. Paul Capitol Campus.

Commuting Takeaways



64.1% of respondents' one-way commute times range from 15-45 minutes

Nearby access to public transportation ranked **2nd** as far as amenities wanted/needed by respondents



Ranked factors that affect commute mode choice:

1. Weather
2. Time/schedule constraints
3. Commute distance

Parking Takeaways



62.7% of respondents park in the ramps



Ranked preferred parking/commuting initiatives:

1. Flexible Parking Permits
2. Daily Parking Options
3. Hourly pay-as-you-go parking options
4. Additional alternative transportation options

Stakeholder Interviews

In total, the team conducted 22 individual agency interviews. The key takeaways from the interviews are summarized below.

- Significantly **fewer employees working in-person** now.
- **Parking** is a **recruitment** and **retention** issue.
- Strong desire for **flexible, hourly/pay-as-you-go parking options** – e.g., pay only when you park, to match new work styles and patterns.
- **Fear of cancelling parking contracts, but don't want to pay full-time if not using it.**
- **Frustration with being told there is no parking availability, even though available spaces are observed** (especially with Centennial).
- Calls for Admin to “**modernize their technology and their thinking**” relative to parking and transit.
- **Downtown St. Paul State employees feel significant parking strains** (cost, safety, convenience/proximity).
- Some **agencies spend significantly to subsidize parking fees** (these are off-campus entities).



Conclusion

Based on the assessment and evaluation of existing conditions described in this section, Section 3 includes an identification of the key parking and mobility needs, issues, and opportunities to address. Section 4 offers a toolbox of strategies and Section 5 provides operations and management options for consideration.

3

Needs, Issues, Opportunities



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NEEDS, ISSUES, OPPORTUNITIES

Introduction

The project team performed a variety of tasks throughout the course of this study and document to review, assess, and evaluate current parking conditions and operations. This included reviewing existing programs, policies, and operations, field data collection, coordination with Admin personnel, stakeholder interviews, a survey, and a peer review. A description of the process, results, and key takeaways of these activities is included in Chapter 2 of this document.

The primary objective of these diagnostic activities was to identify the critical needs, issues, and opportunities that exist with Admin's provision of parking, access, and mobility systems and options to State agency partners, particularly those on the Capitol Complex.

As we consider current operations with an eye toward the future of the workplace and the Capitol Complex, these needs, issues, and opportunities help to identify the areas in which Admin could consider focusing its time.

We have classified these items into four workstream categories:

- Parking Inventory and Demand
- Operations and Management
- Finances and Budgeting
- Transit, Mobility, and Transportation Demand Management (TDM)

Specific parking and mobility considerations and options that work to address identified needs, issues, and opportunities are included in Chapter 5 of this document.

Parking Inventory and Demand

Providing High Quality Parking Inventory

Admin owns and manages a diverse parking inventory across the Capitol Complex, providing a range of locations and options (both surface and structured) for users. Parking ramps are generally in good condition, but there are visible signs of ongoing maintenance needs, especially in the Admin and Centennial Ramps. Both ramps are popular parking facilities, and allocating funds to keep up with ongoing maintenance, especially with increased intensity of use associated with any Capitol Complex relocations, will be critical.

Altered Spatial Patterns of Parking Demand

Current workplace dynamics brought on by the COVID-19 pandemic have significantly altered historic patterns of parking demand seen pre-COVID. The current spatial patterns of parking demand provide opportunities for consolidation and efficiency, while responding to State employees' calls for flexible and dynamic parking and mobility options.

Operations and Management

Drawing Inspiration for Change from Major Disruption

The significant disruption and change to work schedules and travel and parking habits brought on by the COVID-19 pandemic present an opportunity for Admin to reexamine and reimagine how it provides parking and mobility services. The dynamics of workplace, commuting, and parking have been significantly altered, perhaps forever. Traditional operational and management approaches will no longer work as they do not “meet the moment” of what customers now want or address the new reality of how parking and mobility services need to be operating and managed.

Renewing Focus on Efficiency and Flexibility

Two key themes have emerged to shape parking and mobility operations on the Capitol Complex moving forward – one directed inward at Admin (operational efficiency) and one directed outward to the customer (flexibility). With significant reductions in user revenue and ongoing rising costs, finances associated with the parking and transit program are strained. There is a significant need to use parking and mobility resources as efficiently as possible, and reduce operating and maintenance expenses, and right-size parking assets over time, all while providing flexible options that meet customer needs.

Pay-As-You-Go Parking Options

Analysis and stakeholder engagement conducted as part of this document indicate an overwhelming interest among State employees for flexible parking options, and the ability to pay for parking “only when we need it.” Parking operators across the country in a variety of campus and other settings are offering more and more of these a la carte and “pay-as-you-go” style parking options in addition to, and sometimes in-lieu of, traditional longer-term parking permits. Pay-as-you-go parking operations can be offered as equitable and market-driven (you only pay when you park!) while long-term and/or dedicated/reserved parking options can still be offered for those that want to pay for them.

Adopting Technology as a Catalyzing Tool

A significant opportunity exists for Admin to embrace technology as a central tool for catalyzing the realization of a revamped operations and management approach. Advancements in permitting, revenue collection, and enforcement technology have enabled operators to increase offerings and be nimbler in their operations. Incorporating modern technology improves the customer experience, reduces operating expenses, and yields useful data for the parking operator.



Embracing Data to Cultivate a Smart, Nimble, Data-Driven Program

With natural changes in population, potential agency relocations and consolidations, and work schedules and return to office plans still shifting and evolving, it will take some time for Admin to be able to understand the true number of parking spaces needed to accommodate ongoing Capitol Complex parking demands. Even then, it is likely that needs will continue to evolve. An important opportunity has presented itself for Admin to adopt a full-fledged data-driven approach to parking operations and management, one where data is used to monitor the use of parking facilities and deploy adjustments in real-time to increase daily use efficiency. This approach provides performance metrics that can be evaluated to understand habits and trends, and where data is central to guiding policy and program decisions. This data can also be used by Admin to determine the “right” amount of parking needed over time to effectively serve all those coming to the Capitol Complex.

Implementing data-driven processes that allow for close performance management and system calibration is particularly important in the uncertain and unpredictable times we are in. Additionally, data can be a central tool for transparency in the form of outward communication and reporting to customers.

Recognizing Operational Limitations

There are a few considerations that Admin needs to keep keen awareness of as it navigates future parking and mobility operations to support changing workplace dynamics at the Capitol Complex. Parking facilities funded in full or in part with General Obligation (GO) bonds face limitations in their use, either as parking facilities, or as property for redevelopment. Non-state and/or private entities cannot gain financially through



direct or indirect use of the property (meaning, for example, these properties cannot be sold by Admin to non-state entities for private redevelopment).

Moreover, it is important to recognize the scope of Admin’s responsibilities and capabilities in operating and managing parking and transit. By statute and through years of practice, Admin has control and purview only over operating and managing parking and transit systems for visitors and Executive Branch employees that are housed on the Capitol Complex. There are some select spaces allocated for non-Executive Branch employees in Admin parking facilities; however, by and large, parking for Legislative and Judicial Branch employees is outside of the control and influence of Admin. Additionally, Admin has little, if any, influence on parking and transit access, cost, security, operations, or management for employees that work off the Capitol Complex (e.g., agencies that are housed in Downtown St. Paul).

At present, these issues are constraints that limit Admin’s scope and scale of Admin’s operations and management capabilities. However, they in no way preclude Admin from implementing changes that meet customer needs and work to achieve strategic objectives. Strategies for navigating future operations while working within the context of these limitations are offered in Chapter 5 for consideration.

Finances and Budgeting

Navigating an Uncertain Financial Future

Admin faces an uncertain financial future. While not required to be fully funded by parking fees, historically, Admin's goal has been to remain a user-funded operation. However, rising costs and flat revenues have resulted in consistently declining Net Income and Retained Earnings. Pandemic related shutdowns and remote work policies decimated parking revenues in 2020 and 2021. Ongoing flexible work arrangements resulting in lower demand for parking on the Capitol Complex will only exacerbate the financial issues, as Admin must operate and maintain the same or similar quantity of parking inventory using a smaller amount of revenue.

Exploring Opportunities to Stabilize Finances

Admin must continue to explore opportunities to stabilize its finances as it navigates an uncertain future. Opportunities include new parking demand, reducing operating and maintenance expenses, additional parking rate increases, the reduction and/or elimination of the parking account's existing financial obligations, and/or other sources of revenue.

Transit, Mobility, and TDM

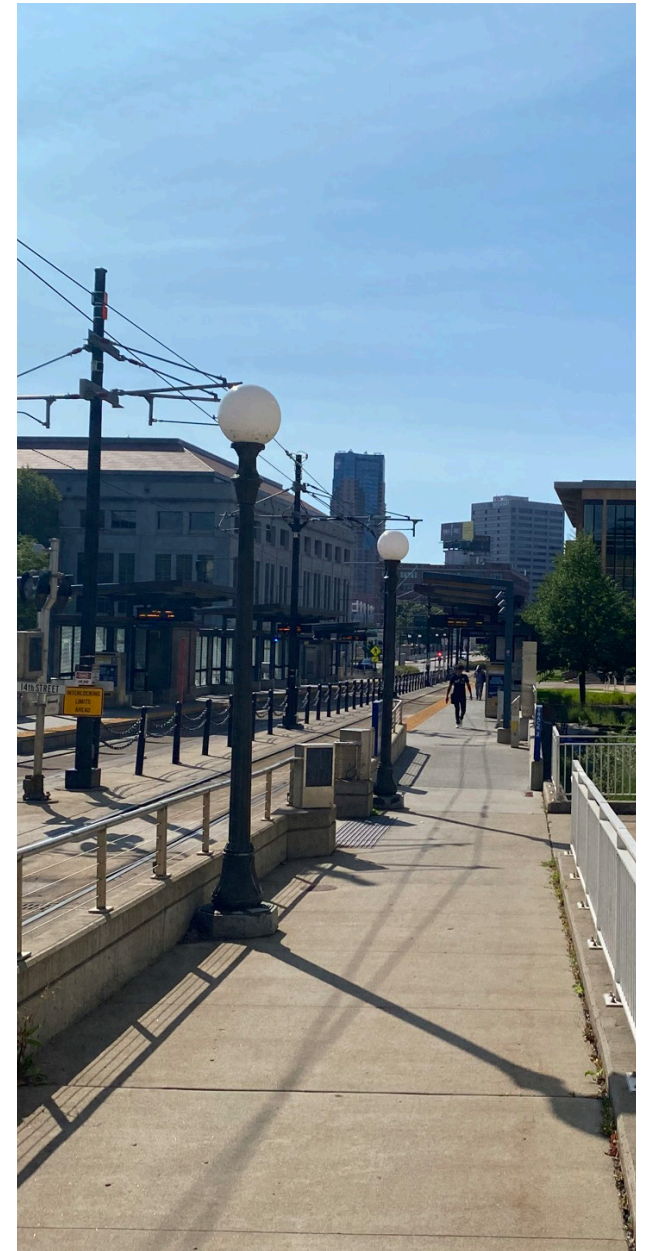
Leveraging Telework as a Central Pillar in Meeting Strategic State Goals

Pre-COVID, telework was touted as a key strategy for managing transportation and parking demand, while reducing overall greenhouse gas emissions contributions. More than two years after the start of COVID-19 pandemic, telework and hybrid work schedules have been adopted on a large scale, and are likely here to stay. There

is an opportunity for Admin and the State of Minnesota to openly embrace telework and hybrid work schedules at the Capitol Complex as a central pillar of its identity as an inclusive, flexible, and modern workplace that attracts and retains talent, and as a central component of its strategic campaign to reduce greenhouse gas emissions associated with vehicle miles traveled.

Partnering with External Partners to Improve Safety and Access

The City of St. Paul has invested in improving walking and bicycling infrastructure in its downtown. Metro Transit continues work on upcoming service improvements. Employees value flexible and safe options for travel to and from, as well as around, the Capitol Complex, both for commuting purposes and throughout the day. This study presents an opportunity for State Admin and other State entities to renew its partnerships with the Capitol Area Architectural and Planning Board, the City of St. Paul, Metro Transit, and other entities to provide connected options, and ensure safety and security among those moving around the Capitol Complex, Downtown St. Paul.



4

Parking and Mobility Toolbox



PARKING AND MOBILITY TOOLBOX

Introduction

The parking and mobility industry continues to evolve, with new strategies and technologies emerging in response to changing behaviors and preferences. This change has been accelerated by the COVID-19 pandemic, and new technology and best practices now allow for flexible and dynamic operations and management of parking and mobility systems. Users desire information, flexibility, and a variety of options. Operations are looking to create efficiency, streamline systems and reduce expenses, and leverage data for performance management purposes.

This toolbox provides a set of industry best practices and strategies available to Admin as it works to efficiently manage its parking and mobility system and provide high-quality customer service. Tools include policies, programs, and infrastructure (including facilities, equipment, and technology), and are categorized based on the intended purpose of the tool:



Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Guidance on Modifying Parking Inventory



Multimodal Transportation and Transportation Demand Management (TDM)



System Performance Evaluation

These best practices and tools can be combined in different ways to develop a unique approach or model of operating and managing parking and mobility systems. Tools should be applied to specific situations on the Capitol Complex and customized, as necessary. Combining a variety of tools in a unique and customized way to address permitting, monitoring and enforcement, maintenance, customer service, and mobility creates an overall operational approach or model for the parking and mobility system.

Specific operational models for consideration by Admin are provided in Section 5 of this document.

Evaluating Parking Management Options

In operating and managing off-street parking facilities, gated and gateless operations are the two primary approaches that exist. Both of these are explored in more detail here in the toolbox, in addition to Section 5 of this document.

In addition to exclusively one or the other, there are variations of these approaches, and hybrid options available. For instance, gated parking could exist in a “nested” area in an otherwise gateless parking facility. Moreover, some facilities could be operated as gateless facilities, while others could be gated.

In the end, it’s about weighing the costs and benefits of the options and deciding on a system and approach that meets specific customer needs and can be operated and managed successfully over time.

Gated Parking Management

Gated parking management involves physical parking access and revenue control systems (PARCS) with credentialing and payment handled at entry and exit lanes. These systems can accommodate contract permitted customers, as well as short-term transient customers. License plate recognition, mobile payment applications, and pay-on-foot stations are sometimes added to enhance the customer experience. A few key points should be noted:

- Gated systems typically involve greater capital costs (typically \$25,000 and above for a single entry/exit lane terminal, in addition to ongoing server, software, and hosting fees, and potential costs to redesign concrete islands in parking ramps).
- Since gate equipment serves as the enforcement mechanism, these gated systems are typically hands-off and have reduced operating expenses year-to-year.



Plate-Based Credentials, License Plate Recognition, and Gateless Parking Management

Gateless parking management involves using license plates as the credential (i.e., virtual permitting), various payment options for transient parkers, and license plate recognition (LPR) for enforcement. A few key items should be noted:

- LPR and virtual permitting has been embraced extensively by university campuses across the United States including the University of Minnesota and the University of Wisconsin in the Midwest. LPR is a central feature in parking management on the State of California's Capitol Complex in Sacramento, and the State of Texas Capitol Complex in Austin is investigating the implementation of LPR to manage open/non-assigned facilities where employees park on a first-come, first-served basis.
- Full gateless parking systems typically have higher yearly operating costs due to the need to actively enforce these facilities.
- Moving to license-plate based credentials and LPR enables efficient parking management and the provision of flexible parking options for customers without the significant capital investment of physical gates.





Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Managing Contract and Transient Parkers in a Gateless Parking Environment

Description

As an alternative to physical gated Parking Access Revenue Control Systems (PARCS) at parking lots and ramps, gateless parking involves leveraging technology for permit validation, payment collection, and enforcement for a frictionless parking experience. An illustration of how different parking users would be accommodated in this type of parking environment is included below.

Implementation Considerations

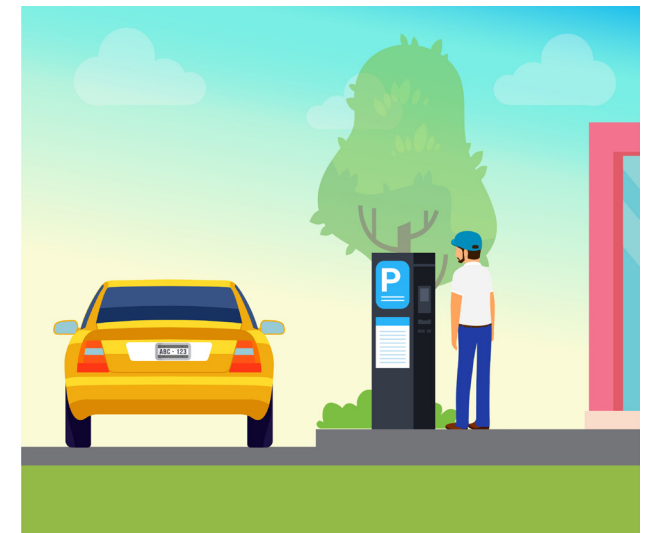
Contract Permitted Parkers:

License plate numbers are used as the credential for contract permitted parkers. Permit information is integrated into a virtual administration and management platform that includes permitting/billing and enforcement. Permitted parkers are free to enter and exit any parking facility they are assigned to without having to use or display an additional access card or credential. These parkers can park commingled with transient and other parkers; no reserved spaces are needed. Permitted parkers may be able to apply for permits and manage their license plates and accounts through a customer-facing portal that can be integrated into legacy administration systems [see more on virtual permitting and license plate-based recognition (LPR) in this toolbox].

Transient Parkers:

Transient parkers include visitors and/or employees utilizing pay-as-you-go hourly or daily parking. Pay-on-foot multi-space pay stations that accept credit cards and cash/coins, and mobile phone payment applications are used as the means of payment for hourly/transient parkers. All transient payments will be handled via pay-by-plate approach where customers will enter license plate information into either a mobile application or a multi-space pay station kiosk.

Payment, enforcement, and other backend data can be provided by a gateless system for management and reporting as needed. This data can be a central feature in a data-driven management approach.





Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Virtual Permitting and License Plate Recognition

Description

Virtual permitting and license plate-based systems are integrated permitting, payment, and enforcement systems that offer operational efficiencies and benefits including the ability to operate and enforce commingled (transient and permit parkers) parking facilities even without the use of physical access control gates. These systems use parking permit holder license plates as the parking credential (i.e., “pay-by-plate” parking), allowing for an integrated parking system that accommodates permitted and transient parkers. These systems yield rich data to inform operators on parking habits, enable efficient parking management, and provide efficient parking permit and payment options for customers.

Implementation Considerations

License plate information from employees with valid parking permits is maintained by the parking operator, and license plate information entered by transient parkers via mobile payment applications and multi-space pay stations are integrated with the system. These systems typically offer an online customer application and registration portal for customer management of parking permits. Payments and account administration are handled by the platform for all long-term permit holders.

The system should provide backend program administration access, and access to ongoing data analytics, and should be fully integrated with a mobile LPR used for enforcement. The parking system should be set to require regular renewal of parking permits to avoid extraneous permits in the system from users that no longer need them (e.g., they are no longer employed by the State). Customer-facing and backend administration/management platforms can be integrated with existing legacy Administration systems. Integrated virtual permit and LPR systems can accommodate multiple vehicles being registered to a single permit holder, and understanding which vehicles are parking at a given time.

One option for procurement would be purchasing LPR units as part of a vendor package that includes the virtual permit and enforcement system integrated with the customer database and enforcement platform, handheld device for issuing citations, a customer-facing portal for permit applications and account management, and a backend administrative account for monitoring data and performance management. Deployment of mobile LPR

could be done on existing fleet vehicles. Admin would retain physical ownership of the equipment and would need to pay to replace the equipment outside of the warranty period and at the end of useful lifespan.





Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Enforcement Best Practices in a Gateless Parking Environment

Description

Consistent enforcement is an essential part of any parking operation, ensuring that facilities are occupied with parkers with valid payment (transient parkers) or credential (contract parkers). Proper enforcement helps improve compliance and maximize revenue collection.

Implementation Considerations

In parking facilities with a physical gated PARCS, the PARCS is the mechanism of enforcement. In a gateless parking environment, enforcement is performed with a fleet vehicle(s) equipped with a mobile LPR unit. Virtual permit information from contract parkers, and license plate information from pay stations and the mobile application is integrated into the enforcement platform. Mobile enforcement vehicles equipped with LPR connected to the permit database would drive through facilities to identify: 1. Valid permitted parkers, and 2. Transient parkers and whether they are parked under a valid paid parking session.

LPR-equipped enforcement vehicles drive through ramps and lots during times when customers are required to pay for parking in facilities. Enforcement times throughout the day and week should be varied so as not to create predictable patterns for parkers. Depending on conditions like user patterns, events, and occupancy levels, there may be times where more or less enforcement is warranted.

An illustration of how enforcement would work in a gateless facility is as follows: During each enforcement run, the LPR would read each license plate and cross-check each with the virtual permit database to confirm if the vehicle is a permitted parker, or a transient/hourly parker. If a license plate is identified as a transient/hourly parker, the first instance this license plate is read represents the effective start of that vehicle's transient/hourly parking session. If the next time the enforcement vehicle drives through the ramp the same non-permitted/transient license plate does not have a current

valid paid parking session initiated, then the vehicle is identified as being in violation and the LPR reads a "hit." A citation could then be issued.

Paper citation tickets can be written during enforcement. E-citations are also possible. Admin could determine goals related to the rigor of parking enforcement and payment compliance relative to delivering a satisfactory level of parking availability and the desired level of customer service. Any significant increase in the issuance of parking citations after the implementation of new parking systems is likely going to be met with resistance. Parking use relative to payment compliance data should be monitored to determine areas where non-compliance is problematic, and enforcement may need to be concentrated.

The use of fixed LPR cameras in parking facilities can also be considered for enforcement. Fixed LPR cameras would be placed at entry and exit lanes. Augmenting the system with fixed LPR cameras at the entry and exit of the ramps has benefits in that it "starts the clock" for incoming transient parkers immediately upon arrival rather than depending on the eventual mobile LPR read. Using fixed LPR in this way can provide the operator with information on where to direct and target parking enforcement without having to go into the field to do consistent and regular mobile LPR enforcement. Contract permit parkers would drive in and out and the fixed LPR would read and validate plate information. Fixed LPR may be most appropriate for the Capitol Complex in instances where consistent mobile LPR enforcement cannot be performed.



Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Multi-Space Pay Stations

Description

Multi-space pay stations are physical kiosks accepting payment for hourly and daily parking in a given parking facility (in the on-street environment, pay stations typically cover one to blocks worth of parking, and in the off-street environment one or two pay stations are placed to collect payment for the entire parking facility).

Implementation Considerations

Multi-space pay stations can be configured under a pay-by-space (where parkers enter their specific parking space number) or a pay-by-plate (where parkers enter their license plate number) approach. Operational approaches offered for consideration in this document assume a pay-by-plate model, which facilitates transient and contract commingled parking, as well as more efficient enforcement and management.

Pay stations can be hardwired to receive continuous power, and there are a variety of multi-space pay station vendors on the market, offering different graphical interfaces and user features. Multi-space pay stations typically start around \$8,000 - \$10,000 each, with prices increasing with additional features and for those machines accepting cash/coin in addition to credit card. The useful life of multi-space pay stations is 8 - 10 years.

Some multi-space pay station vendors offer a proprietary mobile payment application that can be integrated with the multi-space pay stations. Modern multi-space pay station platforms can be integrated (via an cloud-based automatic programming interface, or API) with outside mobile payment, permitting, and enforcement platforms powered by different platforms (meaning that mobile payments, enforcement, permitting, and other equipment and systems can be procured separately).





Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Mobile Payments

Description

Mobile parking payment platforms are a powerful tool in modern, dynamic parking operations. These platforms involve mobile phone applications that allow users to pay for parking under a pay-by-space or pay-by-plate approach. Specific parking location, rate, and duration information is embedded in the application, and users can integrate their credit card information for convenient, reoccurring use.

Implementation Considerations

These platforms typically require that payment be made via an application downloaded on a smart phone. However, this is not always a requirement, with several platforms offering payment via text, phone call, through Google Maps, or other means.

In an off-street environment, parking facilities are usually designated as “zones” within parking payment applications. Mobile payment platforms typically do not have an upfront cost but do charge a fee for each transaction. Transaction fees can be negotiated; this fee is either paid for by the parking operator, it’s passed on to the customer, or a combination of the two. Some operators elect to absorb transaction fee costs to promote the use of mobile payment.

Mobile payment platforms can be integrated (via an cloud-based automatic programming interface, or API) with outside mobile payment, permitting, and enforcement platforms powered by different platforms (meaning that multi-space pay stations, enforcement, permitting, and other equipment and systems can be procured separately). Pay-by-plate multi-space pay stations and mobile platforms integrate well with license-plate recognition-based enforcement methods as part of one comprehensive payment, permitting, and enforcement system. Mobile payment applications will integrate better with modern multi-space pay stations (as opposed to older ones past their useful life).

Mobile payment platforms provide a rich data set that can be leveraged for data analytics to inform parking management strategies as part of a data-driven parking program. Transactional and enforcement data can be leveraged to monitor performance and make adjustments accordingly. Examining transactions and revenues by location and time of day in conjunction with areas that are seeing low turnover and compliance issues, for example, may warrant operations and management changes.

With an improved customer experience, and the ability of the operation to customize, mobile payment platforms facilitate greater compliance with increased payment and reduced overstays, greater space turnover, easier enforcement, and increased revenue. Mobile payment applications can be leveraged to offer daily, hourly, and other pay-as-you-go parking options for employees and visitors, requiring payment in real time (as opposed to be tied with payroll). Clear signage should be placed in conjunction with existing parking signs to direct people to multi-space kiosks and advertise the mobile payment option.



Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Parking Access and Revenue Control Systems (PARCS)

Description

Parking Access and Revenue Control Systems (PARCS) are integrated systems of equipment typically installed at off-street parking facilities (surface lots, and above and below ground parking ramps) to manage payment and credentialling of transient and permitted parking customers. These systems typically include gate arms, ticket machines, and in-lane and/or on-foot payment collection machines. Modern PARCS emphasize simplicity with fewer mechanical parts and a “software-as-a-service” approach rather than locally hosted servers/software on site.

Implementation Considerations

Relevant considerations include:

Accommodating different user types:

- **Contract/permitted parkers:** In addition to proximity (prox) cards, automated vehicle identification (AVI), blue tooth, QR codes, and even LPR technology can be leveraged to open PARCS gate arms for these parkers.
- **Transient parkers:** Transient parkers take a ticket upon entry, and then pay at either exit lane equipment or on foot at a multi-space pay station. Pay-on-foot stations are typically placed in at the ground-level of stairs and near the exit points where pedestrians enter and exit parking ramps. Credit cards and optionally cash/coins can be accepted at POF stations.

Contactless payment integrations using QR codes, Apple Pay, and Google Pay are available with modern PARCS. Mobile payment providers can integrate with PARCS as well.

Advanced Reservations:

If mobile payment is integrated, advanced parking reservation and payment can be offered. Entry through gated entry lanes could be via QR code provided through email, text, or a mobile phone application.

Enforcement:

The gated PARCS equipment acts as the enforcement mechanism and monitoring of revenue and parking use data by State staff ensures facilities are operating properly.

Data and Backend Management:

A modern gated PARCS solution will offer data analytics for management, reporting, and tracking of parking facility use. The State will be able to understand occupancy by facility and by user type (hotel, contract/permit, and transient) in real-time to make daily operations and management and adjustments as desired. For example, monitoring occupancy levels in real-time and the number of permitted versus transient vehicles parked can allow the State to ensure that a certain number of spaces are protected for permitted parkers, removing the need to specifically designate and reserve these spaces within the ramp. Additionally, data can help to calibrate permit oversell ratios.

Modern gated PARCS can offer counts/space availability information (only when gates are kept in the down position) that can be displayed on a stationary dynamic message sign as desired. Loops installed in conjunction with gated PARCS can count even if gates are up, although this is not as accurate as pulling counts from the PARCS gate arms. Stationary dynamic message signs are approximately \$10,000 per stationary sign plus software costs.



Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Parking Space Availability and Wayfinding Technology

Description

Accurate and timely parking space utilization data is one of the most vital pieces of information necessary for data-driven parking management, allowing parking owners to maximize the use of existing facilities – while improving the customer experience – by proactively telling potential customers where they are most likely to find an available space at a given time of day. Over time, this observed demand data can also help guide owner’s decisions on where and when to add, remove, or reallocate spaces in their parking facilities. Technology that monitors parking space utilization, along with software capable of analyzing that data and signage and wayfinding technology capable of providing that information to customers, can greatly enhance the customer experience, the efficiency of a parking operation, and the operation’s bottom line.

Implementation Considerations

Various levels of technology are available to monitor the utilization of spaces within a parking facility. Of course, personnel can be used to perform occasional, manual counts of the number of parked vehicles in a facility, but this process is costly, and the information is inaccurate as soon as it is gathered. Gated PARCS can be used to count the number of vehicles entering and exiting a facility, although these systems can often be inaccurate as well. In a gateless parking environment, fixed LPR cameras can be leveraged for vehicle counting purposes. On the high end, from a cost and data gathering perspective, automated parking guidance systems (APGS) can be used to track the availability of every space within in a parking facility in real time.

Any technology used to track the use or availability of spaces can be used to improve the efficiency of the parking operation, by making it easier for parkers to find all the available spaces within the existing parking facilities. When that technology provides highly accurate and timely utilization data, like an APGS can, and is coupled with signage and wayfinding technology, numerous tangible benefits can be realized:

- Potential parking customers can be advised of the current occupancy/availability of a facility via a mobile app well before they arrive, so they can choose their parking location accordingly.
- Real-time space availability data can be broadcast to potential parkers via electronic signs as they approach their destination, increasing the ease of finding an available space.
- Time spent by patrons in finding an available space is minimized, leading to reduced traffic, greater customer satisfaction, and lower greenhouse gas emissions.
- Within a parking facility, APGS can provide drivers with visual indications of the locations of available spaces.
- Single-space APGS can provide additional information to customers related to special parking spots such as ADA, EV, reserved, etc. by using different overhead light colors.
- Data on vehicle length of stay can be gathered and analyzed to determine the appropriate allocation of spaces and to help set prices to maximize revenue.

If Admin were to install some level of APGS on the Capitol Complex, any static wayfinding and informational signage could be enhanced through digital signage directing patrons to the facilities with available capacity. Signs could be attached to other visual or navigational elements at key roadway decision points, such as the intersection of Cedar Street and MLK Boulevard. Additionally, electronic signage could be placed near the entry points to the Complex to communicate the location of the parking facility nearest major destinations.

An additional benefit to collecting detailed utilization data is the ability to use that data to drive decision-making. By using parking space availability technology, Admin would have access to detailed occupancy information that can be used in conjunction with revenue data to plan staffing and enforcement hours, perform financial modeling related to parking rates, plan for expansion of ramps or building of new ramps, and guide decisions on the right-sizing of parking inventory. The data can also be used to evaluate and adjust the allocation of parking between user groups.





Category: Efficient, Fiscally Responsible, and Customer Service-Driven Parking Operations and Management



Tool:

Financial Management Best Practices

Description

Given the high cost of providing parking infrastructure and the pressure to keep parking rates low, it is essential that the parking infrastructure on the Capitol Complex be operated, managed, and maintained as efficiently as possible. Because parking rates on the Capitol Complex are constrained by political factors, economic conditions, and worker recruiting and retention pressures, rates cannot always be increased to cover ever-rising operating and maintenance costs. For this reason, it is critical that operating expenses be kept in check and that preventative maintenance be performed, so that the physical assets do not fall into a state of disrepair. Financial best practices for parking operations and managed are summarized here.

Implementation Considerations

Operating Expenses

In a paid parking environment, the cost to operate a structured parking facility can range from a few hundred dollars per space, per year to over \$1,000 per space, depending on many factors; the cost to operate surface parking and on-street metered or timed parking, while typically much lower, can still be significant.

For many parking operations labor costs including salaries, wages, benefits, and other costs can be the single biggest operating expense. Operations that employ large numbers of people to collect fees, enforce regulations, perform administrative duties, etc. can easily spend most of their budgets on labor. For this reason, most parking owners have attempted to reduce labor costs by installing automated payment equipment in their facilities, instituting less labor-intensive parking enforcement techniques, and automating permit issuance and billing functions, among other practices, especially over the past 10 years.

Other significant costs associated with operating a parking facility include the cost of electricity and other utilities, insurance, snow removal, and routine repair and maintenance such as light bulb replacement, space striping, signage replacement, parking equipment maintenance, elevator maintenance, sweeping/power washing, and cleaning, among other costs. While some of these costs can be reduced through equipment upgrades – like replacing legacy lighting systems with LED lighting – other operating costs are relatively fixed

and are dependent on the size of the parking facility, the environment where the facility is located, and other factors. To maximize the financial performance of their facilities, parking owners must be diligent in their efforts to reduce costs where possible, while not sacrificing the quality of the parking operation or the safety and appearance of their parking facilities.

On the Capitol Complex, Admin has, historically, been able to operate the parking system at a cost of \$300 - \$400 per space, per year, not including items such as fees associated with the transit pass program, credit card fees, or the depreciation of equipment or infrastructure. Compared with others in the parking industry, particularly other public parking systems, the per space operating cost maintained by Admin is in line with best practices.

Capital Repairs and Maintenance

Parking facilities, especially parking structures, represent a significant capital investment, so it is necessary to maintain the facilities properly to optimize their useful life. Separate from routine maintenance, which is considered an operating expense, it is best practice for parking owners to set-aside funds on a regular basis to cover future structural maintenance and major equipment replacement costs. These longer-term, periodic expenses include items such as:

- Elevator replacement
- Fire protection and storm drainage piping replacement
- Lighting fixture replacement
- Parking access and revenue control system (PARCS) replacement
- Parking lot crack sealing, pothole repairs, resurfacing, etc.
- Expansion joint replacements
- Repairing and/or replacing topping membranes
- Routing and sealing of joints and cracks
- Repair and/or replacement of expansion/construction joints
- Major structural repairs to stairs, floors, columns, and beams

Best practice for parking owners is to **annually set aside 0.5% to 1.0% of the original hard costs of constructing a parking facility** in a sinking fund to cover these future repair and maintenance needs. Additionally, this set-aside amount should be increased over time to account for the effects of inflation. Once a sinking fund is established, contributions to this accumulate over time, and are available to cover structural maintenance and structural repairs. This set-aside amount is not intended to be a predictor of actual capital repair expenses. However, it can provide a substantial fund to offset all or a portion of normal, periodic maintenance, repair, and replacement costs.

Admin has historically done an excellent job at keeping operating costs low, enabling it to pay for most facility maintenance projects and equipment replacement needs from operating revenues. However, the large debt service obligations of the parking system, the low parking rate environment within which the system is operated, and the ongoing suppression of demand caused by the pandemic and its impact on how and where State employees work all imperil Admin's ability to continue to fund large projects on an ongoing basis. Due to the slow pace of parking revenue recovery, as well as large debt service obligations and headwinds against parking rate increases, if large parking facility repair or equipment replacement projects become necessary in the future, Admin may be required to request funds from the State for these purposes. For this reason, whenever possible, additional funds should be set aside to pay for large, future maintenance, repair, and replacement projects.





Category: System Performance Evaluation



Tool:

Data-Driven Parking Operations and Management

Description

The parking industry has rapidly evolved as the ability to collect and analyze data has improved. Access control and revenue systems, as well as metered technology, have advanced to the point where operators have access to both real-time and historic data about a facility or systems utilization. This data gives operators and owners better insight into parkers habits, enabling them to not only predict and plan for parking needs but also adapt on-the-fly. Better data means a more efficient parking system, which in turn helps increase use efficiency, revenue, and customer satisfaction.

Implementation Considerations

Some of the metrics used in performance management include length of stay/duration, turnover, hourly/daily/monthly/annual parking occupancy, total dollars of revenue (permit vs. meter/kiosk), payment type composition (credit vs. coin), where and when parking violations occur, and hourly entry/exits; depending on the system, operators can even track when specific permit holders enter and exit the facility. The data collected can be used to make decisions about monthly, daily, and hourly parking rates, how to allocate transient and monthly parkers, where parking resources are in high demand, and if underutilized facilities can be closed.

Data empowers owners to make performance-based decisions that improve the efficiency of the parking system and the effectiveness of the parking department. Most modern PARCS (in a gated parking environment) are capable of customizable, automated reporting. In a gateless parking environment, extracting parking count and occupancy is done through manual counts, evaluation of LPR data, and evaluation of transaction activity from mobile payment platforms and multi-space pay stations. After enforcement patrols make runs, LPR data can be reviewed to evaluate the number of license plate reads and compare the number of license plate (and the number of permitted plates vs. the number of transient plates) reads with the number of facility spaces to determine parking occupancy. Use data can also be extracted from evaluation of pay station transactions, but these payments will only factor in transient parkers.

The amount of data available can be overwhelming; it is critical to identify issues to address and develop key performance indicators (KPIs) that can be monitored with the data available. Operators should work with the parking operator and/or PARCS vendor to customize reports that specifically address activities and needs unique to your system and goals. Reports can be automated to run daily, weekly, monthly, and annually and sent to multiple staff.

While well-defined, automated reports are good, it is important to provide staff training so that the database can be queried on-demand.

Operators should identify parking management objectives and establish KPIs that will help track progress towards these goals. Discuss reporting functions with the existing operator or technology vendors to determine if further investment in technological resources is necessary to collect and analyze the data needed to make performance-based decisions. Invest in new hardware and/or software, as necessary. Establish internal processes for reviewing reports and implement changes. To improve transparency and communication, data should be incorporated into regular, consistently formatted system performance reports that are publicly facing.

The following matrix provides guidance on appropriate performance metrics to consider under certain operational conditions.

| Operational Goal | Performance Metrics/ Key Performance Indicators | Collection Methods | Frequency of Data Collection |
|--------------------------------|--|--|---|
| Understand Parking Utilization | <p>Parking Occupancy Occupancy is usually represented as a percentage and is defined as the number of parked vehicles observed in a facility divided by the total number of spaces in that facility. Target Occupancy should not exceed 90% to 95% of capacity in an efficient parking system.</p> <p>Parking occupancy may be extracted on a facility, zone, or user type basis. Parking occupancy by user type (permitted employees vs. non-permitted employees vs. visitors) helps illustrate where different users desire parking, and aides in space allocation, oversell, pricing, parking options, and other management decisions. Real-time decisions can be made based on parking occupancy, like directing parkers to certain facilities where known availability exists.</p> | <p>Manual occupancy counts of each facility can be completed by staff without any investment in new technology. We recommend enough staff be allocated to the task to complete the count within one hour. Data is collected with a tally counter, paper, pencil, and clipboard; and recorded in an excel database.</p> | <p>Collected over one full week every quarter to monitor changes in parking activity on campus and adjust the oversell factor. Up to three counts should be taken during the busiest period on campus, likely between 9:30 am and 2 pm. Once the occupancy stabilizes, counts can be reduced to twice a year or annually.</p> |
| | <p>Parking Length of Stay Parking length of stay information provides information on how long parkers are using parking facilities, how often parking spaces turn over, aiding in designing appropriate parking options and regulations that meet demands for how long people employees and visitors want to park.</p> | <p>The variety of technology available to collect parking occupancy is expansive. New PARCS (either loop or LPR) could be configured to provide hourly occupancy counts of each facility. Alternatively, a mobile LPR system could be used to count cars in between enforcement duties. Counts may be able to be extracted from mobile payment and multi-space pay station systems.</p> <p>LPR systems will be able to identify parkers as employees (i.e., with a registered license plate) or transient visitors, allowing for the display of parking occupancy by user type.</p> <p>Length of stay information can be extracted from mobile payment and multi-space pay station transaction data, as well as timestamps on LPR reads from enforcement activities.</p> | <p>When first implementing this practice, it may be beneficial to increase the frequency of collection to monthly for the first six months to not only closely monitor utilization and adjust the oversell, but also assure the parking public that there is sufficient capacity available on campus. It may also be helpful to publish the average utilization of each facility/zone to show employees where space is available on campus.</p> |

| Operational Goal | Performance Metrics/ Key Performance Indicators | Collection Methods | Frequency of Data Collection |
|--|--|---|--|
| Understand Parking System Compliance | <p>Parking Citations The number, rate, location, and type of citations should be monitored to understand parking system compliance and where education or management changes may be needed.</p> | Citation information can be pulled from PARCS reports and/or from back-end management platforms in areas where virtual permits are present, and enforcement is done with LPR. | Citation information should be pulled and monitored monthly. |
| Understand Parking System Financial Performance | <p>Parking Revenues Parking revenues by facility should be monitored continuously. Revenue per space is a key performance indicator that can be determined for a given facility or space type (i.e., permit space vs. pay-as-you-go/transient space) and compared across different facilities or space types across campus. Revenue per space is a key metric illustrating the revenue efficiency of a system; low revenue per space could suggest the need for operational changes or the reduction in overall supply. Overall revenues and revenue per space should be compared to expenses to understand any changes that may be warranted to improve financial performance.</p> | Revenue information can be extracted from PARCS equipment, permit sales, and transaction records of mobile payment platforms and multi-space pay stations. | Transactions and revenue should be monitored weekly. |



Category: Guidance on Modifying Parking Inventory



Tool:

Implementing Best Practices in Evaluating System Parking Inventory

Description

Designing, building, operating, and maintaining parking infrastructure is expensive. Deciding if, when, and where to build new parking facilities, as well as when to take existing parking facilities out of service, are vital considerations for any owner of parking infrastructure, including the State of Minnesota as the Capitol Complex evolves in the future. Best practices associated with evaluating and adjusting parking space inventory are summarized in this section.

Implementation Considerations

Direct Costs of Providing Parking Infrastructure

The high costs of building and maintaining parking become especially clear when an owner is considering building structured parking versus surface lot parking. Not including the cost of land acquisition, a new, above ground, structured parking facility can cost \$20,000 to more than \$50,000 per space to design and build; underground parking structures are significantly more expensive. Even surface parking lots can cost \$2,500 to more than \$5,000 per space to design and build.

As discussed previously in **Financial Management Best Practices**, in a paid parking environment, operating parking and performing routine maintenance on a parking facility can cost an owner from several hundred to more than \$1,000 per space, per year. Additionally, owners of parking ramps must spend the equivalent of several hundred dollars per year on longer-term repair and maintenance items, or else risk their facilities deteriorating quickly, requiring even more spending on repairs or even a complete rebuild; owners of surface parking lots spend less on this long-term maintenance, but these facilities still require periodic crack and pothole repairs, and can require complete resurfacing over time.

Opportunity Costs of Providing Parking Infrastructure

In addition to the direct costs of designing, building, operating, and maintaining parking infrastructure, there are also opportunity costs associated with using available land for parking instead of another use or uses. In many cases, parking facilities are necessary to serve other area land uses; in the case of the Capitol Complex, the existing parking inventory allows both State workers and visitors to the Complex easy access to the seat of Minnesota state government. If, given the new realities of how State employees work and how citizens conduct business with the State, it is no longer necessary to maintain all the existing parking inventory on the Capitol Complex as parking in the future, perhaps at least a portion of this infrastructure could be used for other valuable and beneficial purposes.

Surface parking lots are often seen as ideal locations for future development or even placeholders until development occurs. While restrictions on new, private development on the Capitol Complex may prevent existing parking lots from being developed into commercial properties, perhaps there are opportunities to use this land for new State buildings in the future. Alternatively, if these facilities are not needed for parking in the future and additional building space is not needed on the Complex, it may be possible to remove some surface parking and replace those areas with additional green space or other public space for use by employees working on and visitors to the Capitol Complex.

Deciding When to Add New Parking Infrastructure or Remove Existing Parking Infrastructure

For all the above reasons, deciding when to add new parking infrastructure or when to remove existing parking infrastructure is important for the State of Minnesota and the Capitol Complex, both financially and in terms of the impact on the look and feel of the Capitol Complex. The decision point for adding or removing parking on the Capitol Complex should, to a large extent, come down to the ability of the existing facilities to accommodate the demand for parking on a “typical” day. Best practice in the parking industry is to provide enough parking inventory to accommodate “typical” peak demand conditions, which translates to providing enough parking to accommodate the peak number of vehicles on a given day on 85-90% of the days in a year. During the other 10-15% of days, the parking inventory should be managed to accommodate additional parkers, including providing other alternatives to driving and parking. Given that the prevalence of work from home and hybrid work styles has increased dramatically for Capitol Complex employees over the past few years, the number of vehicles coming to campus and needing a place to park is expected to be reduced (relative to pre-COVID-19 levels) for the foreseeable future. This means that the overall peak number on the busiest day will be less, as will other operating days, thus pushing down the 85th-90th percentile design target. Through efficient parking operations and understanding parking use through data-driven management, Admin should be able to understand over time what the “right” amount of parking is (the design target) to serve ongoing needs into the future.

On the Capitol Complex, building surface parking to accommodate peak demand conditions is not feasible from a space perspective and not desirable from an aesthetic perspective, so, historically, parking structures have been built as an alternative. Given the expense of structured parking, the decision to provide more of this type of parking inventory on the Capitol Complex should not be made lightly.

Often, parking facilities serving employees can be utilized effectively to 95% of their space capacity, with visitor parking facilities ideally operating at a maximum of 85-90% of capacity. With appropriate technology to monitor space utilization and provide direction to available spaces to arriving employees and visitors, parking facilities serving both groups can effectively operate at even closer to 100% of their striped capacity. When deciding if additional parking capacity is necessary on the Capitol Complex, Admin and others at the State need ask a series of questions including:

- Are the existing parking facilities being utilized as efficiently as possible?
- Can groups of parkers be assigned to or encouraged to park in other locations on the Complex to maximize the use of existing infrastructure?
- Is Admin maximizing the use of transit and various transportation demand management (TDM) programs to reduce the number of single-occupant vehicles on the Complex?

- After maximizing the use of all the existing parking infrastructure owned and/or controlled by Admin, are the State’s parking facilities greater than 95% utilized at peak on a typical day?
- If parking on the Capitol Complex has reached this level of utilization at peak, does the State expect the volume employees on campus on a typical day or the volume of visitors to campus will increase in the future?

If the answers to all the above questions is “yes,” then it may be time to consider adding additional parking infrastructure to serve the Capitol Complex. When the decision has been made that additional parking capacity is needed, a tool like the evaluation matrix presented below can be helpful in guiding the State’s decision of which parking facility option should be selected.

| Option | Spaces Added | Total Project Cost | Total Project Cost/Space | Disruption to Existing Operation | Parking Guidance System | Horizontal Expansion Potential | Searchability | % of Spaces on Flat Floors | Passive Security | Efficiency (SF/Space) | Walking Distance (Time) |
|-----------------|--------------|--------------------|--------------------------|----------------------------------|-------------------------|--------------------------------|---------------|----------------------------|------------------|-----------------------|-------------------------|
| North 1 (AG-N1) | 680 | \$22,200,000 | \$24,200 | Good | Fair | Poor | Fair | Fair | Fair | Good | 3:00 |
| North 2 (AG-N2) | 528 | \$19,200,000 | \$24,600 | Good | Poor | Poor | Poor | Good | Good | Fair | 3:00 |
| South 1 (AG-S1) | 929 | \$33,600,000 | \$24,800 | Poor | Good | Fair | Good | Good | Good | Fair | 4:00 |
| South 2 (AG-S2) | 739 | \$26,400,000 | \$25,300 | Fair | Good | Good | Good | Good | Good | Fair | 3:30 |
| South (AG-S3) | 943 | \$29,000,000 | \$23,000 | Fair | Fair | Fair | Fair | Fair | Fair | Good | 3:30 |

Good
 Fair
 Poor

In the above example, five options for potential parking structures are presented and evaluated based on several factors. The options are “graded” based on several qualitative factors, with colors assigned (either green for “good”, yellow for “fair”, or red for “poor”) to indicate the relative strength of each option according to these factors. Additionally, quantitative factors such as Spaces Added, Total Project Cost, Total Project Cost per Space, and Walking Distance to destination, are also presented.

The decision to remove existing parking inventory from the Capitol Complex can also be guided by the answers to the above questions. If the answer to most of the above questions is “no,”, there may be an opportunity to take existing Capitol Complex parking facilities out of service permanently. If any of the existing parking inventory on the Complex is not highly utilized on a consistent basis and there is not a realistic possibility that the campus population will increase in the future to a point where this parking is needed, perhaps the State should consider repurposing or removing parking spaces.

The most likely candidates for elimination are existing surface parking lots, for the reasons noted above. When deciding which parking facility or facilities to take offline, consideration would need to be given to the number of spaces being removed, the availability of remaining parking inventory nearby, and the potential use of the land that will no longer be dedicated to parking. These criteria, along with financial, political, and other considerations, can help guide the State in their process to right-size the Capitol Complex parking system.



Category: Multimodal Transportation and Transportation Demand Management (TDM)



Tool:

Incentivizing Non-Single Occupant Vehicle Commuting

Description

Commuter benefit management software allows businesses to create, promote, and manage programs designed to encourage commuters to choose alternative modes of transportation over driving alone and parking. These programs include software such as Commutifi, LUUM, RideAmigos, and Rideshark. These management solutions provide administrative tools that help employers identify and implement incentive programs for commuters and allow commuters to plan journeys, log trips, and track statistics.

Implementation Considerations

Through the gamified application of commute incentives and benefits, employers can motivate behavior changes in their employees. The gamification and incentive ideas may include commuter challenges, giveaways, point programs, employee reimbursement, and event discounts. These commuter management solutions integrate with a wide variety of third-party mobility services, as well as employers HR administration systems, and parking management software.

These programs are scalable and effective solution that allows employers to reduce or eliminate parking allocations and lease costs. The main benefit of gamification is that it engages people through fun and competition, creating a sense of belonging and community. From the admin dashboard, employers can access comprehensive reports on commuter behavior, environmental impact, parking events, and more. Employers must provide political and financial commitment to sustain long-term reductions in SOV use and demand for parking. Employee interest may lag over time without meaningful rewards and participation will diminish or stop.

The goals of a commute gamification program can extend beyond the reduction of parking demand to organizational social responsibility issues such as sustainability and health. In addition to the annual software costs, employers need to consider the costs associated with the cash incentives, which can total about \$2,500 a year, depending on size and participation.

After deciding that commute gamification is the preferred strategy to reduce parking demand, the employer needs to engage a third-party provider who has developed a comprehensive, cloud-based solution. Next, the employer needs to ensure that the commute platform integrates with their HR and payroll systems for tracking, management, and auditing purposes. Marketing and educational materials will need to be developed and distributed to employees detailing program goals, rewards, and how to participate. Once the program is launched, the employer can track progress against key performance indicators and identify opportunities for improvement.

Commuter Benefits

You Can Offer to Your Employees

| | |
|-------------------------------|--|
| For car commutes | <ul style="list-style-type: none"> Use rideshares. Incentivize carpooling. |
| For public transit | <ul style="list-style-type: none"> Offer free bus passes. Pay for employees' transit fare. |
| For walking/biking | <ul style="list-style-type: none"> Have employee fitness programs. Offer on-site bike storage. Provide showers or locker rooms. |

Constellation

Examples of what employers can offer employees in commuter benefits. Source: <https://blog.constellation.com/2019/06/25/commuter-benefits-energy-savings/>



Category: Multimodal Transportation and Transportation Demand Management (TDM)



Tool:

Pre-Tax Benefit

(The State of Minnesota currently provides this benefit)

Description

The Commuter Choice tax benefits program, based on Section 132(f) of the federal tax code, allows employers to offer employees a variety of financial incentives for using alternative commute modes. Section 132(f) covers transit and vanpool benefits as well as qualified parking. Employees can set aside up to \$280/month as a pre-tax benefit for transit, vanpools, and/or qualified parking and save on payroll taxes including FICA, local, state, and federal withholdings. On average, employees save 30% with a pre-tax commuter benefit account. Employers can also offer pre-tax benefits, including subsidies for mass transit and vanpool up to \$280. Both employer and employee contributions count towards the \$280 limit.

Implementation Considerations

The benefit to employers is the savings (up to 7.65% on average) realized from a decrease in FICA payments when employees shift taxable salary to pre-tax. However, it is important to note that while employers do not have to pay FICA on the subsidy, they can no longer deduct the payment as a business expense.

Such programs provide a cheap and streamlined option to pay for commuter costs, allowing employees and employers to save money, while helping organizations attract, retain, and reward employees. Bicycle commute expenses are not qualified under the program. The Section 132 rules that apply to tax-advantaged commuter benefits prohibit any refunds or cash outs (even on a taxable basis) of the remaining account balance when there are no ongoing expenses; however, new guidelines permit employees to roll over any unused commuter account balance to the parking benefit balance and vice versa.

If administered in house by HR and payroll, the workload associated with the administration of benefits may vary depending on the complexity of benefits offered and the number of employees participating. A third-party benefit administrator may provide administration of multiple benefits such as FSAs, HSAs, and commuter benefits.

There is an annual cost associated with administration of benefits, whether it is the purchase and renewal of software or consulting fees paid to the 3rd party administrator. The first step to implementing this type of parking management strategy is deciding whether to administer the benefit in-house or outsource. The second step is determining whether you, the employer, will be contributing to the benefit account. The last step is educating employees about the new procedures.



5

Operations and Management Considerations



OPERATIONS AND MANAGEMENT CONSIDERATIONS

Introduction

This chapter provides operations and management options for consideration. The approaches and strategies included herein incorporate the best practices detailed in the Chapter 4 toolbox, and are meant to address the unique needs, issues, and opportunities identified for parking and mobility operations on the State Capitol Complex. Operational approaches, or “theories of operation,” are comprised of a series of operational inputs, listed below:

- Equipment/Technology
- Inventory, Allocation, and Pricing
- Maintenance
- Permitting
- Customer Service
- Monitoring and Enforcement
- Supporting Mobility and TDM Services

These inputs are combined to operate and manage a comprehensive parking and mobility system. When implemented successfully, a system should promote the following:

- Customer flexibility and satisfaction;
- Balanced parking demand and use efficiency;
- Right-sized parking assets;
- Dynamic and data-driven operations and management;
- Simplification of systems and equipment; and
- Stabilized finances in the form of consistent revenue and reduced operating expenses.

This chapter provides three approaches to parking operations and management for consideration, considerations for implementing each, and details on how each option would be implemented in the context of the Capitol Complex. The integration of broader mobility services and offerings within each of these approaches is also discussed. Ultimately, these options are presented to Admin and partners for consideration; the specifics of implementation will be selected at the discretion of Admin in concert with stakeholders and partners.

Selecting an overall primary philosophy and approach to operating and managing parking is paramount. Policies and practices, necessary infrastructure and equipment, staffing, and other implementation details then need to be identified and refined once an overall approach is determined.

Inspiration for Operational Approaches

Drawing from industry best practices and case study examples, the operational approaches presented here offer alternatives for Admin to consider in operating the Capitol Complex parking system. Ongoing parking needs are uncertain as the Capitol Complex continues to face long-term uncertainties about employees working remotely or on-campus. Data indicates significantly underutilized parking assets at present (and future opportunities for parking inventory right-sizing may exist), while users are seeking greater parking flexibility and options. The current model of permitting and parking management on the Capitol Complex inhibits a true understand of real parking needs. Tools and

techniques exist that promote use efficiency, operations, and customer convenience and satisfactions. It is for these reasons that new approaches are offered here for consideration.

There are significant challenges inherent in modifying the current Capitol Complex parking operations approach, as resources are limited, and behaviors, systems, and norms are entrenched. The COVID-19 pandemic has brought significant disruptions to these behaviors, norms, and user preferences, and with great disruption comes great opportunity. Even so, change will be challenging, will take time, and will need to be completed under a phased, iterative approach. Additionally, there are myriad sub-variations to the approaches offered below for consideration. The considerations included herein offer a framework for planning purposes. Admin would benefit working closely with its stakeholders to implement improvements over time as opportunities for implementation arise.



Alternatives are provided for planning, budgeting, and coordination purposes. Consideration was given to the following in developing these options, stemming from the needs, issues, and opportunities identified in Section 3:

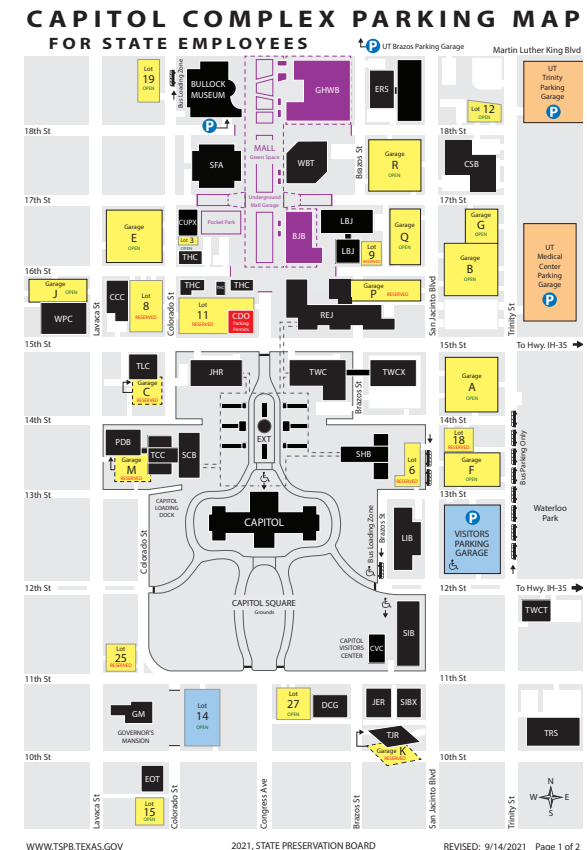
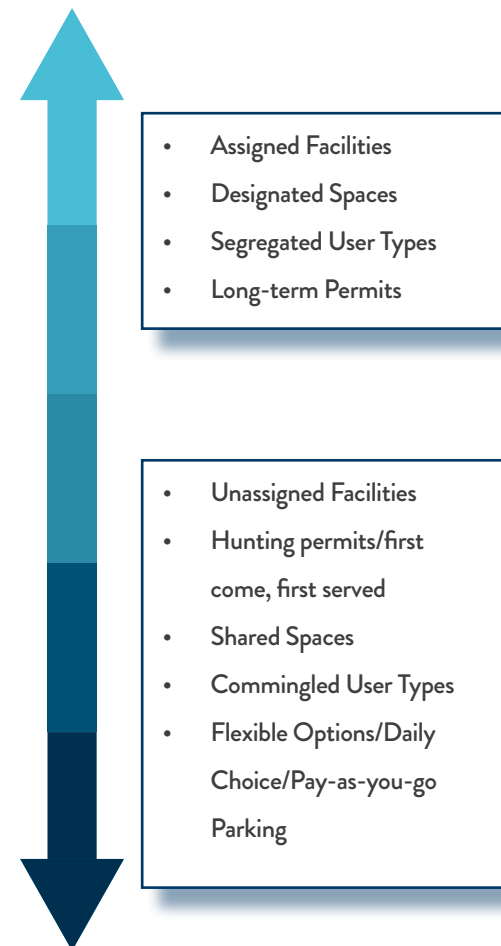
- Considering strategies and technologies to increase use efficiency of parking assets and promote user convenience and flexibility (e.g., incorporating more first-come first served permit parking, leveraging technologies like LPR and virtual license-plate based credentials, and providing flexible parking permit and payment options);
- Embracing pay-as-you-go parking payment approaches for visitors and employee parkers;
- Implementing a deliberate data-driven approach to operating and managing parking on the Capitol Complex, one that relies on data to understand the scope and scale of parking needs on the Capitol Complex in the face of changing workplace dynamics;
- Ensuring parking management is equitable, deliberate, and data-driven.

In the context of the Capitol Complex, parking operations and management options can be thought of on a flexibility and efficiency spectrum, depicted in **Figure 10**. Different parts of this spectrum provide different customer features, and necessitate different strategies and tools. The top end of the spectrum provides a high degree of certainty to users on where they park and requires less nuanced operations and management. This end of the spectrum provides lower

flexibility and lower parking space use efficiency. The bottom of the spectrum provides greater flexibility to the user and greater parking facility use efficiency. However, parking operations and management on the bottom end of the spectrum needs to be more nuanced and users are required to give up some parking space certainty for increases in flexibility.

Determining where the Capitol Complex falls on this spectrum is a give-and-take decision that requires balancing various customer, personnel, work tasks, enforcement, technology, and internal operations and management considerations. This is ultimately a decision for Admin in concert with stakeholders.

Figure 10: Parking Operations and Management Spectrum



The State of Texas Capitol Complex operates approximately 10,000 structured parking spaces, most of which accommodate permitted employee parking on a first-come, first-served basis. In the map above, a handful of the yellow facilities accommodate reserved employee permit parking, while the other yellow facilities accommodate first-come, first-served employee permit parking.

Two considerations for modifying the operations and management model to parking on the Capitol Complex are provided below.

Operational Model 1

Operational Model 1: Status Quo System With Improvements

Option 1 includes largely maintaining the current parking operations and management approach, with some improvements made to enhance efficiency and customer service. Since change will take time, this option is most appropriate for the short-term. The recommended framework of an improved Operational Model 1 is as follows:

- Maintain current system of parking allocation and facility types;
- Continue transition of some spaces to hourly and daily parking only (e.g., as was done in the Centennial Orange level);
- Upgrade parking pay stations (current equipment is older than the recommended 8–10-year useful lifespan);
- Implement mobile payment application to enable employees and visitors to park and pay by the hour and by the day; and
- Move away from pay-by-space parking and employee permit hangtags to a virtual permit and pay-by-plate approach enabled by license plate recognition (LPR) technology for enforcement of payment and permit validation.

Such an approach would eliminate the need for assigned/reserved spaces (pay-by-space requires assigned transient spaces). This means that permitted and non-permitted employees and visitors can park commingled in an ungated facility with no assigned spaces. Coupled with adoption of mobile payment and LPR enforcement, flexible/daily permits can be offered without physical parking access and revenue control equipment. Implementing LPR and virtual license plate-based credentials would allow the State to move away from colored stickers and hangtags.

Movement toward a new model where the license plate is the credential will undoubtedly take time. As an alternative or even a precursor to adoption of virtual permits and LPR technology, a modified parking permitting approach could be offered with assigned and unassigned employee permit parking, with a simplified color hangtag system. The most expensive employee parking permits should be for those assigned to park in a specific facility. Lower rate permits could be offered to those who want to pay less for a permit that does not come with an assigned parking facility, but instead requires parkers to find parking in one of several select facilities across campus on a first-come, first-served basis.

These “hunting style” permits can also be designed such that the parkers search for parking within smaller campus “zones” based on where they work. Admin’s roll-out of flex and/or daily permits can continue under this model. For simplification, Admin should consider simplification of colored hang tags to aide enforcement and operations. As few colors should be used as is necessary for the identification of parking permit privileges. For each parking facility, enforcement personnel should understand the permit hangtag colors that have privileges to park in that facility.



Operational Model 2: Commingled Parking System With Short-Term/Visitor Parking Facilities

Operational Model 2

This Option provides an alternate to the status quo approach, and classifies the existing parking facilities into one of three facility types, described below. Option 2 assumes a certain level of demand for a less expensive, unassigned, “hunting style” parking permit among employees, and preserves/protects some facilities for short-term/visitor parking only. Any special parking arrangements with the Legislative or Judicial Branch entities can remain in place.

.....

Parking Type 1: Long-Term Permit Parking Only

This parking type means that parking facility access will be granted for only those employees who have purchased long-term assigned parking permits. These permits would be the most expensive parking option and be marketed to those who are seeking a premium parking option, want certainty and reliability in where they park, come to the office frequently and on a consistent schedule, and are willing to pay a premium for an improved level of service. These parking permits should be long-term parking permits only.

PARCS upgrades will be required at these facilities to accommodate access control. Physical PARCS equipment would be necessary at these facilities. Permitted parkers could be issued prox cards for access through PARCS. No hourly or visitor parking would be allowed in these facilities. All other facilities would be either parking type 2 or parking type 3, described below. Physical PARCS at these facilities would ensure proper user access and enforcement, meaning hang tags would not be necessary, although could still be provided to improve visibility to parking staff (hang tags can double as prox access cards if desired).

Employees would be assigned parking in specific facilities as is currently the case although reserved spaces within facilities should not be implemented. Fixed license plate recognition (LPR) cameras could be used in conjunction with PARCS to provide a frictionless entry and exit experience for permitted parkers. Admin could monitor PARCS entry/exit data to calibrate parking allocation/assignment and oversell to ensure these facilities are consistently operated at occupancy rates of 85-90% to maximize the use of its existing parking infrastructure.

Parking Type 2: Commingled Unassigned Permit and Short-Term Parking

In this Option, holders of new “flex” permits would park commingled with employees wanting to park and pay by the hour or by the day. Employees with a permit to park in these facilities would pay less than parkers in type 1 facilities. There would be no reserved spaces in these facilities and permitted employees would not be assigned to a particular facility; rather these permitted employees could “hunt” for preferred parking and park in any space in any type 2 parking facility on a first-come, first-served basis. Technology can facilitate various flexible options for employee access and payment when parking in these types of facilities. Note that “hunting style” permits can also be designed such that the parkers search for parking within smaller campus “zones” based on where they work.

Employees will be able to park where space is available in unassigned facilities across a designated zone, or across campus, depending on how it is configured.

Employees wishing to park and pay by the hour or by the day would be allowed to park in these facilities, with payment made at multi-space pay stations or on a mobile app. Short-term parkers may park in any space in the facility, and all payments would require parkers to enter their license plate information to tie into the parking revenue collection, permitting, and enforcement system. This transient parking is likely to appeal to employees that work mostly at home or work a hybrid schedule. These employees would like to or are required to come into the office on campus occasionally. They want to pay for parking only during the hours/days that they are on campus, and they are willing to park in different facilities; they appreciate the convenience and flexibility.

These type 2 parking facilities would be gateless (i.e., no physical PARCS). Employee permits would be virtual and license plate based. Enforcement would be done in these facilities with a mobile LPR unit tied into the permit and payment system. Mobile LPR vehicles would drive through facilities to identify non-permitted vehicles that do not have a current valid paid parking session. Admin would manage this system, and a backend administrative portal would grant access to Admin staff for daily monitoring and performance management purposes.

Parking Type 3: Short-Term and Visitor Parking Only

This parking type would allow for daily and hourly visitor and employee parking only. No permit parking would be allowed in type 3 facilities. Type 3 facilities should be the most convenient facilities for short-term/visitor parking, the most proximate to key Capitol Complex destinations. Technology should be leveraged to implement a higher hourly and daily rate for transient employee parkers parking in type 3 facilities than in type 2 facilities (added proximity and convenience means a higher rate). A higher daily and hourly rate for employees to use these facilities would work to maintain availability in these facilities for short-term visitor parking. The visitor hourly and daily rate could be kept consistent across all type 2 and 3 facilities. If desired, a time limit (e.g., four hours) could be implemented in these facilities to deter employees using them for the day and encourage proper turnover.

Payment would be via the multi-space pay stations and mobile payment application. Enforcement would be done in these facilities with a mobile LPR unit tied into the permit and payment system. Data from payment and enforcement technology should be monitored to ensure appropriate availability and composition of employee and non-employee visitors parking in these type 3 facilities. Like type 2 facilities, there would be no assigned facilities or reserved spaces in type 3 facilities; all parking would be on a first-come, first-served basis.

More information about data-driven parking management can be found in Section 4 of this document. **Figure 11** below depicts parking facility designations for consideration, as articulated herein.



Figure 11: Operational Model 2 Facility Breakdown



Source: Walker Consultants, 2022

Data-Driven Parking Management and Right-Sizing Parking Supply

Admin should monitor transactions and parking counts via LPR, pay stations, and the mobile application in all parking facilities as part of a data-driven parking management process. Periodic manual parked vehicle counts can be performed to supplement data from payment and enforcement technology. Technology can be leveraged to capture and push real-time parking availability information (so parkers know where to find available parking) to employees and visitors in the form of dynamic message signage and/or mobile applications.

Parking occupancy and data on the use of facilities from long-term, flex, and transient employees should be monitored over time. Based on data, the Capitol Complex should consider re-orienting how facilities are allocated and who is allowed to park where.

Implementing a hunting style approach for parking allocation/use (i.e., as opposed to assigned facilities) means that parkers can be left to locate and park in all available parking facilities, thus improving use efficiency.

Collecting and monitoring data, and integrating data into strategic planning and decision-making processes related to parking operations and management should be a critical core principle of Capitol Complex parking and mobility management moving forward.

It will be critical for Admin to monitor parking facility use over time as campus population and return to office changes and plans are realized. Over time, Admin will be able to identify the “right-sized” number of parking spaces (and when/where those spaces are needed) needed to support Capitol Complex parking needs. Extraneous spaces and facilities may be taken offline as appropriate.

Based on parking facility proximity, observed parking demand and use patterns, and engagement with Admin personnel and Capitol Complex stakeholders, the Park Lot, Lot C, Lot AA, and Lot BB should be considered the highest priority parking facilities as candidates for removal/repurposing to other uses. Lot H may also be a candidate for a removal/repurposing depending on the continued evaluation of facility use. Any removal/repurposing of parking should be deliberately considered to ensure that all user types and needs are properly accommodated within the system.

More information on data-driven parking management is available in the Section 4 Parking and Mobility Toolbox.



Integrating Transit, Mobility, and Transportation Demand Management Programs

A comprehensive access and transportation system involves integrating parking resources with various supporting transit, mobility, and transportation demand management (TDM) programs and options. Such a system provides options, enables choice, and improves access and customer service. Under such systems, employees may elect to travel to work via a mode other than drive alone some of the time. In addition to a new approach to the operations and management of parking, robust transit, mobility, and TDM programs should be paired with continued work from home and hybrid work schedules to continue to reduce the State's impact on climate emissions associated with transportation and strive for the most efficient use of Capitol Complex parking facilities. Over time as work styles and commute patterns normalize, identified unused parking can be decommissioned or converted to other uses, reducing operating and maintenance expense.

By definition, a comprehensive and integrated TDM Program involves the coordination of a range of pricing, information, education, and promotional strategies that are designed to engage the community and increase awareness and use of transportation programs and services, and effect lasting commute behavior change. TDM programs can include direct operation and subsidy of transportation services, provision of non-motorized transportation infrastructure and facilities, alternative commute trip planning support, as well as a range of other supporting programs and strategies. TDM programs and strategies are designed with a specific

goal in mind: to reduce single-occupancy vehicle (SOV) trips and, by extension, vehicle miles travelled (VMT), greenhouse gas emissions, and parking demand. To this end, TDM programs establish an SOV reduction goal that is used to measure success.

Historically, while certainly not the only consideration, remote work has been central to many successful campus and institutional TDM programs, central in managing and mitigating overall vehicle miles traveled, traffic congestion, and parking demand. The COVID-19 pandemic has brought on the most significant adoption of work from home and hybrid work ever, dramatically accelerating acceptance and prevalence among employers and employees. This is certainly the case on the Capitol Complex among State agency employees, and this document recognizes the significant impact that work from home and hybrid work will play in lessening commuting vehicle miles traveled and the demand for Capitol Complex parking.

As work styles are continue to normalize over the next several years as agencies continue to adapt, the frequency with which employees drive to and park on the Capitol Complex is likely to change. Remote and hybrid work is and will continue to be the State's most powerful TDM tool. As in-person work habits normalize, parking use should continue to be monitored to ensure parking demand throughout the day and week is balanced and peak demand deficits or challenges do not arise (e.g., from multiple agencies all requiring in-person work on the same day).

To provide a comprehensive system and to support a new flexible parking operational model and an embrace of remote work and work from home, the following transit, mobility, and TDM initiatives are recommended for consideration.

Core Program Considerations

Continue the pre-tax benefits program to all employees to pay for both parking and transit fares

Currently, the IRS allows for up to \$280 per month to be discounted from paychecks before taxes, to pay for parking costs and for transit fare costs. This can amount to a significant tax savings for employees.

Continue participation in the Metropolitan Council regional program that offers direct ride-matching assistance to form vanpools and carpools

These are typically more effective options for employees that commute a long distance to work because the inconvenience of sharing the ride is outweighed by savings in cost (e.g., wear and tear of private vehicle, highway tolls, etc.), time (use of HOV lanes), and convenience (e.g., reserved parking at preferential locations).

Continue to promote carpooling and vanpooling through policy incentives, such as preferential parking locations on campus, and monetary incentives such as a subsidy to the cost and operation of vanpools, and/or a discounted carpool (or no-fee vanpool) parking permit. Facilitate enrollment in the ridesharing database, or other mobile app-based services, such as Waze Carpool and Scoop. Encourage participation and maintenance of carpool and vanpool groups through incentive campaigns, rewards, and member support services.

Continue participation in the regional Guaranteed Ride Home (GRH) program and increase awareness of this program

GRH programs get employees home in the event of emergency. It acts as an “insurance policy” if employees experience an unexpected personal or family emergency, or unscheduled overtime work. TDM program experience at other major employers in Minnesota and throughout the country shows that GRH helps allay fears of not being able to get home in an emergency and is critical in helping employees make the decision to try a commute alternative. GRH programs tend to be very high value and very low cost. Perceived need is high, and use is generally extremely low.

Work with Zipcar to provide shared vehicles on campus

Currently, the closest Zipcars are in other neighborhoods, not in downtown St. Paul. Shared vehicles encourage alternative commuting by providing an option for midday travel to meetings, errands, etc. The vehicles can also be part of the GRH program.

Additional Considerations

Implement a monitoring program to track use of parking and transit programs daily, report quarterly, and make any necessary adjustments annually

Include an annual review of the cost of parking permits for employees to evaluate pricing strategy, and an annual review of public transit subsidies to determine appropriate incentive levels to reduce parking demand on campus.

Conduct a commute trip reduction survey periodically to measure changes in mode split; evaluate response to programs, subsidies, and incentives; and assess attitudes toward the use of alternative modes of transportation.

Reconsider the use of a third-party commute management vendor

Such a platform can help adopt a data-driven management approach and drive awareness and adoption of non-single occupant vehicle modes. More information on this is available in Section 4 of this document.



Consolidate all sources of commuting and parking information into an employee-focused web portal or intranet site

Include all information regarding commute benefits, commute options, parking permits, policies, walking and biking incentives, promotional campaigns, and others. Such a resource should be given a recognizable name or brand to facilitate identification (e.g., “Capitol In Motion”).

Conduct ongoing advertising and promotion focused on access and commuting

Examples include on-campus transportation fairs to disseminate information, promote alternative transportation choices, and provide assistance with commute trip planning, ridesharing programs, and enrollment in pre-tax commuter benefits. Provide commute choice information to new employees during orientation.

Design and implement an ongoing communications strategy, including social media, to increase awareness and promote alternative commute modes. Include participation in regional campaigns such as bike-to-work day or month; education campaigns, such as bike/scooter safety classes and tips; and, “smart commute” rewards programs, including drawings, prizes, and competitions for achieving levels of participation. As a government entity, the communications strategy may also benefit from explicit linkage to public health advantages of alternative transportation, similar to anti-smoking campaigns.

Partner with Metro Transit to continue to improve transit access and amenities to the Capitol Complex

Partner with METRO to improve facilities at bus stops (e.g., adding shelters and real-time information), and position of bus stops to shorten walking distance to Capitol entrances.

Many transit service improvements are planned which will enhance service to the Capitol. These offer opportunities for additional marketing to potential new transit users including:

- B Line Bus Rapid Transit is expected to replace the local Route 21 in 2024. This will offer faster and more frequent service to and from the Capitol for those living in the Uptown, Longfellow, Union Park and Cathedral Hill neighborhoods.
- Purple Line Bus Rapid Transit to Maplewood, Vadnais Heights, Gem Lake, White Bear Township and White Bear Lake is expected to open in 2026.
- Green Line Extension to Eden Prairie is currently projected for a 2027 opening.

Advocate for rerouting the planned Gold Line Bus Rapid Transit to serve the Capitol directly. This line is currently expected to open in 2025 and connect eastern communities along the I-94 corridor to St. Paul. However, the route alignment is currently expected to end at 6th and Smith which is about $\frac{3}{4}$ mile from the Capitol and on the other side of a highway interchange. There may still be an opportunity to bring the Gold Line closer to the Capitol Complex.

Promote walking, rolling, and bicycling for commute and other trips through safety initiatives, and the provision of infrastructure and services.

This includes ensuring that bicycle parking is convenient and visible, and conducting programs to ensure employees understand bicycling options and bicycling is an accepted part of the culture at the Capitol Complex. Additionally, work should be done to implement recommendations cited in the City of St. Paul Bicycle Plan, which was last adopted in 2015 and is, at the time of this writing, being updated. Focus should be made on protected bicycle connections between the Capitol Complex and downtown St. Paul, over Interstate-94.

Additionally, Admin and other appropriate agencies should continue to work with the City of St. Paul, Capitol Security, and other stakeholders to improve safety in and around the Capitol Complex and downtown St. Paul and continue to ensure pedestrians feel welcome.



6

Conclusion and Looking Ahead



CONCLUSION AND LOOKING AHEAD



The COVID-19 pandemic has brought on the most significant disruption in work schedules and work patterns ever experienced by State employees, and State agencies are working hard to adapt and evolve workplaces and work flows to meet the evolving needs of employees amidst an uncertain future. Among other systems on the Capitol Complex, the parking and mobility system has been significantly impacted, perhaps forever. With this lens in place, this document provides an assessment of current Capitol Complex parking and mobility operations, an identification of needs, issues, and opportunities, and industry best practices and operational considerations for ongoing management.

If these last few years have proven anything, the future is uncertain. Global and societal forces can have profound impacts on how we work and travel, and what is most important to us. In addition to the global health issues brought on by the pandemic, transportation options, choices, and dynamics continue to shift.

Change is difficult: it takes time, political will, resources, and compromise. Changes to operations and management regimes will be made through a phased and iterative approach. Data analytics and performance management will be critical to understanding how the system is being used, to continue to tweak and adjust operations and management approaches and ensure that (just) the right amount of parking is provided. Whatever the future has in store, adopting a nimble, data-driven parking and mobility operation that emphasizes choice and flexibility will be essential for Admin and the State to provide a future-proofed and sustainable system for years to come.

