
**A STUDY ON
POTENTIAL
CO-LOCATION
OF WORKFORCE
CENTERS ON MNSCU
CAMPUSES**

•

**REPORT TO THE MINNESOTA LEGISLATURE
FROM
THE MINNESOTA DEPARTMENT OF ECONOMIC
SECURITY AND THE MINNESOTA STATE
COLLEGES AND UNIVERSITIES SYSTEM**

•

**WITH ASSISTANCE FROM
THE DEPARTMENT OF ADMINISTRATION**

•

JANUARY 2001

**A STUDY ON
POTENTIAL
CO-LOCATION
OF WORKFORCE
CENTERS ON MNSCU
CAMPUSES**

•
**REPORT TO THE MINNESOTA LEGISLATURE
FROM
THE MINNESOTA DEPARTMENT OF ECONOMIC
SECURITY AND THE MINNESOTA STATE
COLLEGES AND UNIVERSITIES SYSTEM**

•
**WITH ASSISTANCE FROM
THE DEPARTMENT OF ADMINISTRATION**

•
JANUARY 2001

To obtain these materials in Braille, audiotape, large print or other forms, call
Voice (651) 296-7041 or TDD (800) 627-3529

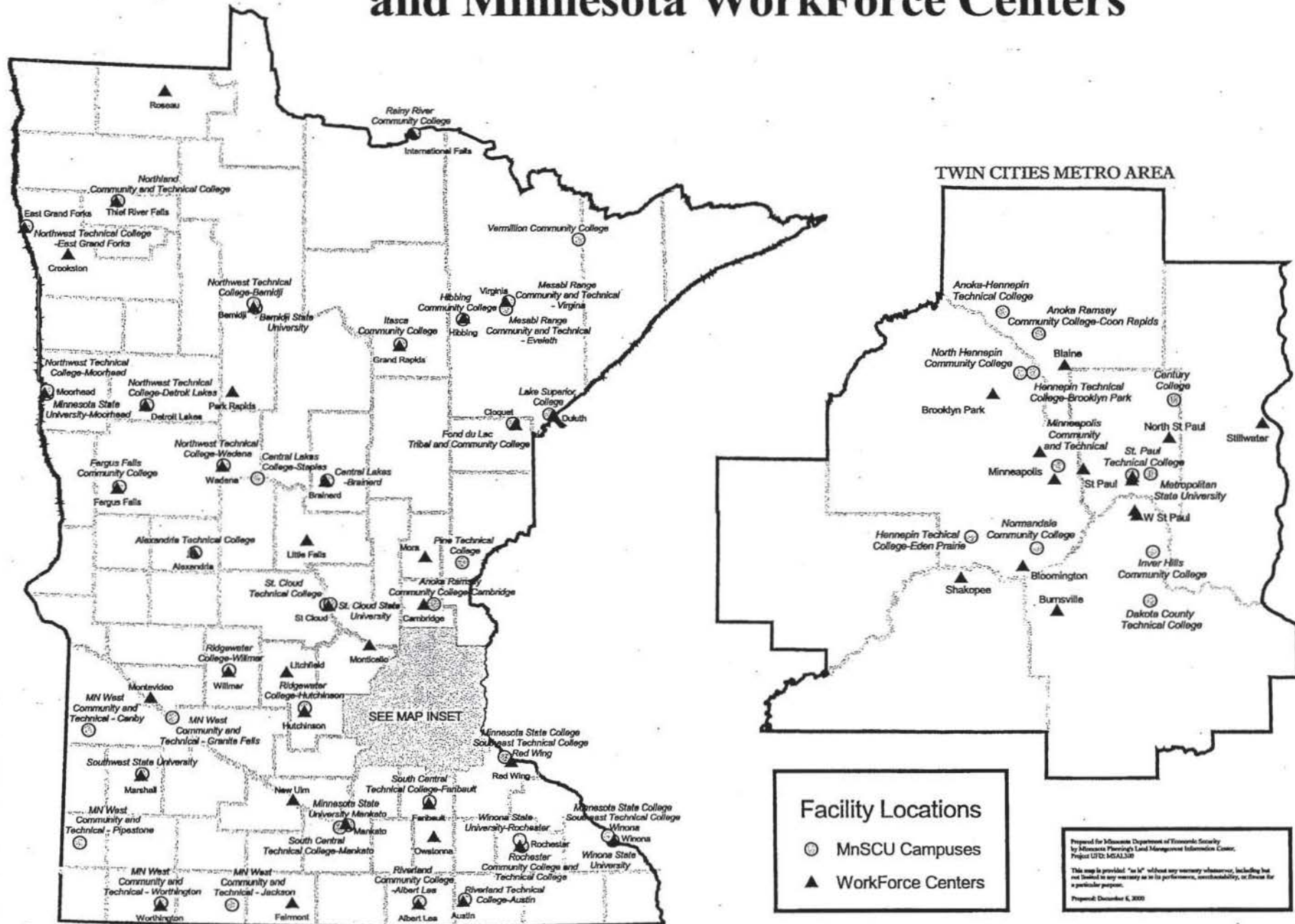
•
For more information or copies of this report, contact
MnSCU or the Department of Economic Security

**REPORT TO THE MINNESOTA LEGISLATURE:
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES**

CONTENTS

| | |
|--|-----------|
| EXECUTIVE SUMMARY | 1 |
| INTRODUCTION | 7 |
| WORKFORCE CENTERS | 9 |
| WORKFORCE CENTER LEASES | 15 |
| SPACE REQUIREMENTS | 19 |
| MNSCU SPACE AVAILABILITY AND WORKFORCE PROGRAMS | 21 |
| CRITERIA AND CONSIDERATIONS FOR LOCATING SITES | 25 |
| PLAN FOR POTENTIAL CO-LOCATIONS | 31 |
| ONGOING STUDY NEEDED | 35 |
| CAPITAL FINANCING OPTIONS | 37 |
| APPENDICES | |
| A. PROFILE OF WORKFORCE CENTERS BY LOCATION | 43 |
| B. METHOD FOR DETERMINING LEASE RATES | 97 |

Minnesota State Colleges and Universities Campuses and Minnesota WorkForce Centers



REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 1 •

EXECUTIVE SUMMARY

The 2000 Legislature directed a study of the potential for co-locating WorkForce Centers on MnSCU campuses: *The commissioner of the department of administration shall assist the commissioner of economic security and the board of trustees of the Minnesota state colleges and universities system to develop and report to the legislature by January 15, 2001, on a ten-year plan for the possible location of workforce centers or affiliate locations on Minnesota college and university campuses where appropriate. The plan must identify space requirements, current workforce center lease expiration dates, and the campuses that can immediately accommodate workforce centers, and recommend time lines for colocating workforce centers with Minnesota state colleges and universities system facilities. If additional space would be required to accommodate the workforce center, the plan must outline alternative capital financing mechanisms, including private build-lease* [Laws 2000, Ch. 488, Art. 1, Sec. 17].

The Minnesota Department of Economic Security has joined with other providers of employment and training services to create the Minnesota WorkForce Center System®. The heart of the system is the 53 Minnesota WorkForce Centers statewide. WorkForce Centers are “one-stop shops” for employment and training needs, all under one roof. Each WorkForce Center features a core of partners in Job Service, State Services for the Blind, Rehabilitation Services, and the designated job training provider in the local area. In addition, each location has a unique mix of other local service providers to form a partnership beneficial to the community. While each WorkForce Center offers a different array of services depending on local area needs, the core of employment and training services remains the same throughout the system.

The Minnesota State Colleges and Universities System (MnSCU) offers traditional education and training and workforce-related services through its network of 54 campuses statewide. It provides a variety of educational and employment transitions in collaboration with secondary education. Examples include school-to-work/school-to-careers, tech prep career and technical education from grade 9 to 14+, career pathways and articulation, college and career planning, and college readiness and success skills (both academic and career-related). MnSCU also provides workforce development services for emerging workers and employers such as Targeted Industry Partnerships, customized training for businesses, and Minnesota Job Skills Partnerships.

Customers of the WorkForce Centers and the Minnesota State Colleges and Universities have a unique linkage: The WorkForce Center customer requires a match to the needs of the market; MnSCU provides education and training programs that assist in matching customer skills and knowledge with market needs. A map showing the locations of WorkForce Centers and MnSCU campuses appears on the opposite page.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 2 •

The four WorkForce Centers on MnSCU campuses are in Austin, Hutchinson, Thief River Falls, and Winona. The co-locations have proven to be beneficial for both entities — examples of the benefits are a broadened scope of workforce development services available, coordinated delivery of those services, better use of existing conference and classroom space and facilities, and competitive lease costs.

Many considerations, both quantifiable and nonquantifiable, affect the appropriateness of co-location in any given community. Location and accessibility, availability of parking and public transportation, and other customer needs and interests, as well as the needs and commitments of the WorkForce Center partners at each location, have been considered. This report, while it focuses on facilities-related issues, also attempts to present a perspective with deference to program customers as well as service providers. In summary, the study found the following picture with respect to co-location potential (the information is also summarized by community in the table on Pages 4 and 5 and detailed in Appendix A):

- Four Minnesota WorkForce Centers are located on MnSCU campuses — in Austin, Hutchinson, Thief River Falls, and Winona.
 - Three additional communities represent the near-term (or “immediate”) opportunities for co-location — Cambridge, St. Cloud, and Worthington. Each requires additional local action, approvals from the central or system offices and Board of Trustees of MnSCU, and capital funding.
 - In 14 communities, WorkForce Centers are located in government buildings. At these locations, the WorkForce Center partners noted little if any inclination to relocate, even though in some cases the local MnSCU facility has indicated an interest, should capital project funding become available. That inclination could change, for example, if current WorkForce Center space becomes unsatisfactory or if MnSCU locations can better meet customer needs.
 - Three WorkForce Centers in Dakota County — West St. Paul (Marie), West St. Paul (Wentworth), and Burnsville — plan to move into two Dakota County Government Service Centers soon to be constructed in Inver Grove Heights and Apple Valley.
 - Forty MnSCU campuses indicated interest in co-locating with a WorkForce Center if capital funding becomes available. Of these, 22 locations are candidates for further study of co-location potential in the longer term. For these, the local Workforce Council, as part of their annual plan review process, should assess the efficacy of WorkForce Centers in their service area to identify centers that are candidates for relocation or co-location.
 - Twelve WorkForce Centers are not candidates for co-location because of the remote location of the nearest MnSCU campus and/or long distance from an established customer base.
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 3 •

- Any MnSCU campus that does not have a co-located WorkForce Center is a candidate for designation as a Minnesota WorkForce Center System Affiliate. Affiliates are an integral part of the system. They expand customer access to services and do not require extensive resources. Affiliates ensure access to the full range of services normally associated with a WorkForce Center for customers who enter the system through an employment-related service provider not located in a WorkForce Center — such as MnSCU. Affiliates are linked to WorkForce Centers electronically and through the interaction of WorkForce Center and Affiliate service providers.

CAPITAL FINANCING OPTIONS

Any capital financing option for new construction or renovation of MnSCU campus buildings to accommodate a co-located WorkForce Center would require legislative action. The investment strategy should consider, among other things, whether the WorkForce Center would be expected to occupy the space for the life of the financing mechanism. Local Workforce Councils, as part of the annual plan review process, can assess on an ongoing basis the efficacy of potential relocation or co-location of WorkForce Centers in their service areas. The interaction of the local Workforce Councils and the Governor's Workforce Development Council, on which both MDES and MnSCU are represented, could help ensure that resources needed to carry out relocations are addressed in the State's workforce development strategy.

The usual capital financing mechanisms — general obligation bonds or possibly general fund appropriations — can provide cost-effective financing of co-locations of WorkForce Centers on MnSCU campuses. Lease-purchase and certificates of participation provide alternatives with slightly higher interest rates that add costs over the life of the arrangement. Private financing options, such as build-lease, must comply with the Constitutional and statutory requirements regarding bond-financed property. Considerable additional work, including legal and financial analysis and the particular circumstances of the location, would be required for active consideration of private financing options. The circumstances of each potential co-location of a WorkForce Center on a MnSCU campus, where capital funding is required, require a case-by-case analysis to determine the most appropriate and advantageous financing arrangement.

TABLE 1. Summary of WorkForce Center status and plans by location

| WORKFORCE CENTER STATUS | LOCATION in MINNESOTA | | | | | | | | | | | | | | | | | | | |
|--|-----------------------|------------|--------|---------|--------|-------------|----------|---------------|------------|-----------|---------|-----------|---------------|--------|------------------|----------|-----------|--------------|--------------|---------|
| | Albert Lea | Alexandria | Austin | Bemidji | Blaine | Bloomington | Brainerd | Brooklyn Park | Burnsville | Cambridge | Cloquet | Crookston | Detroit Lakes | Duluth | East Grand Forks | Fairmont | Faribault | Fergus Falls | Grand Rapids | Hibbing |
| WorkForce Center is currently co-located on a MnSCU campus. | | | • | | | | | | | | | | | | | | | | • | |
| WorkForce Center is currently or is soon likely to be in a government building. Unlikely to move to campus in short term. | | | | • | • | | | ■ | | | | | | • | | | | | • | |
| Near-term candidates for co-location. MnSCU may request capital project funding for FY 2002 that could include additional space for WorkForce Center co-location. | | | | | | | | | • | | | | | | | | | | | |
| Not a current candidate for co-location due to distance from campus or other factors that preclude co-location. | | | | | | | | | | | | • | | | | • | | | • | • |
| Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction was available. Low potential for immediate co-location without capital funds. | • | • | | • | • | • | • | • | • | • | • | | • | • | • | | • | • | • | • |
| Longer-term potential candidates for co-location. Local discussion applying co-location criteria, determining mutual benefits, and securing preliminary agreement on terms required to assess co-location potential. | • | • | | | | • | • | • | | | • | | • | | • | | • | • | • | • |
| Nearby campus could be designated a WorkForce Center Affiliate site. | • | • | | • | • | • | • | • | • | • | • | | • | • | • | | • | • | • | • |

■ Burnsville is expected to move to a new Dakota County Government Services Center in Apple Valley. The WorkForce Center is included in current floor plans.

TABLE 1. Summary of WorkForce Center status and plans by location, continued

| WORKFORCE CENTER STATUS | Mpls. (E. Lake Street) | Mpls. (Plymouth Ave N.) | Montevideo | Monticello | Moorhead | Mora | New Ulm | North St. Paul | Owatonna | Park Rapids | Red Wing | Rochester | Roseau | Shakopee | St. Cloud | St. Paul (Downtown Skyway) | St. Paul (Sibley St.) | St. Paul (Midway) | Stillwater | Thief River Falls | Virginia | Wadena | West St. Paul (Marie) | West St. Paul (Wentworth) | Willmar | Winona | Worthington |
|--|------------------------|-------------------------|------------|------------|----------|------|---------|----------------|----------|-------------|----------|-----------|--------|----------|-----------|----------------------------|-----------------------|-------------------|------------|-------------------|----------|--------|-----------------------|---------------------------|---------|--------|-------------|
| WorkForce Center is currently co-located on a MnSCU campus. | | | | | | | | | | | | | | | | | | | | • | | | | | | • | |
| WorkForce Center is currently or soon likely to be in a government building. Unlikely to move to campus in short term. | • | • | | | • | • | | | | | | | | • | | | | | • | | | • | ■ | ■ | • | | |
| Near-term candidates for co-location. MnSCU may request capital project funding for FY 2002 that could include additional space for WorkForce Center co-location. | | | | | | | | | | | | | | | • | | | | | | | | | | | • | |
| Not a current candidate for co-location due to distance from campus or other factors that preclude co-location. | | | • | • | | | • | | • | • | | | • | • | | | | | • | | | | | | | | |
| Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction was available. Low potential for immediate co-location without capital funds. | • | • | | | • | • | | • | | • | • | • | | | • | • | • | • | | | • | • | • | • | • | • | |
| Longer-term potential candidates for co-location. Local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms required to assess co-location potential. | | | | | • | | | • | | | • | • | | | | • | | • | | | • | • | | | | | |
| Nearby campus could be designated a WorkForce Center Affiliate site. | • | • | | | • | • | | • | | • | • | • | | | • | • | • | • | | | • | • | • | • | • | • | |

■ West St. Paul (Marie) and West St. Paul (Wentworth) are expected to move to a new Dakota County Government Services Center in Inver Grove Heights.

INTRODUCTION

The 2000 Legislature directed a study of the possible co-location of Minnesota Department of Economic Security (MDES) WorkForce Centers on campuses of the Minnesota State Colleges and Universities (MnSCU) system, as follows:

The commissioner of the department of administration shall assist the commissioner of economic security and the board of trustees of the Minnesota state colleges and universities system to develop and report to the legislature by January 15, 2001, on a ten-year plan for the possible location of workforce centers or affiliate locations on Minnesota college and university campuses where appropriate. The plan must identify space requirements, current workforce center lease expiration dates, and the campuses that can immediately accommodate workforce centers, and recommend time lines for colocating workforce centers with Minnesota state colleges and universities system facilities. If additional space would be required to accommodate the workforce center, the plan must outline alternative capital financing mechanisms, including private build-lease [Laws 2000, Ch. 488, Art. 1, Sec. 17].

The directive to develop and report on a plan for co-location of Minnesota WorkForce Centers on MnSCU campuses “where appropriate” presented many challenges. Not the least of these was ensuring that the study focused on the potential for better service as a result of the co-location. The study principally addresses the facilities aspects of co-location — an overview of current locations and leases, co-location experience, criteria for co-location, and a delineation of places where there is potential for co-location in the short term or longer term.

Facilities management personnel from Minnesota State Colleges and Universities, Minnesota Department of Economic Security, and the Department of Administration’s Real Estate Management Division made up the primary study group. In preparing the report, the study group consulted with field and management personnel from MnSCU and MDES as well as MnSCU campus presidents, staff of the Governor’s Workforce Development Council and the Minnesota Workforce Council Association, and partners of several WorkForce Centers. The Department of Administration’s Management Analysis Division assisted the study group by facilitating their discussions and compiling the report.

EMPLOYMENT and TRAINING PROGRAM DESCRIPTIONS

Many of the programs and services offered at Minnesota WorkForce Centers and MnSCU campuses are directed toward workforce development. An in-depth survey of these programs and other state and federal employment and training programs operating in Minnesota is contained in a report titled *Minnesota Inventory of Employment and Training Programs* published by the Department of Economic Security. The report is available from MDES or online at www.des.state.mn.us/eandtstudy/.

The similarities between MDES WorkForce Center services and MnSCU workforce support services and programs indicate that coordination or collaboration can occur between programs with similar focus, resulting in improved services and other benefits to meet the needs of job seekers and employers.

WORKFORCE CENTERS

The Minnesota WorkForce Center System is the result of an analysis of the previous structure and systems, which were all too frequently characterized by fragmentation and duplication and in which individuals and employers were often frustrated by a bureaucratic maze of programs and services. The system represents a “rethinking” on the part of government and community-based agencies on how to better serve the customers by leveraging of resources, co-location, and expanded coordination. The system is a partnership that brings together state, county, and private nonprofit employment and training services under one roof, providing seamless and comprehensive workforce development services to job seekers and employers. The WorkForce Center System serves more than 1.3 million walk-in customers annually and has more than 150,000 “visits” per month to its Website at www.mnworkforcecenter.org. Minnesota is recognized as a national leader in implementing a one-stop workforce development system and served as a national model for the Workforce Investment Act signed into law in 1998. The Department of Economic Security is responsible for operation and support of the system.

WorkForce Centers are based on the following values:

- Linking services across agencies and programs, replacing fragmentation and duplication with coordination and consolidation;
- Universal access by employers and workers with no wrong points of entry to the system;
- Customer choice related to both access methods and information and services provided;
- Accountability focused on results; and
- Conservation of resources through, among other things, co-location and consolidation of leases, shared operating costs, common telephone and data systems, and reduced connectivity costs.

To be designated a Minnesota WorkForce Center, each site must meet and is held to the following criteria for certification:

- Demographics must support the WorkForce Center site.
 - Each site must deliver all mandatory services (outlined in the following paragraphs).
 - All service providers must be co-located and services must be available at or from the WorkForce Center in a timely and seamless manner.
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 10 •

- Service providers, ideally, occupy contiguous space within the WorkForce Center.
- Each WorkForce Center must have a common reception area.
- Each WorkForce Center will have a common, easily accessible Resource Area.
- The floor plan for the Center must be functionally designed and must capitalize on teaming and partnering opportunities to provide services.
- Staff should be assigned or allocated with a view toward satisfying customer needs and improving the effectiveness and quality of services, rather than along programmatic lines.
- The WorkForce Center design should reflect integrated use of spaces such as conference, classrooms, and common break rooms, shared storage and other facilities. "Hoteling" office space for part-time staff, supervisors, and itinerant service providers should also be part of the plan.
- Consolidation/elimination of multiple leases in a given geographic area is an expected outcome of WorkForce Center site selection. A single administrative lease is the goal.
- WorkForce Centers must conform to the letter and spirit of the Americans with Disabilities Act.
- Signage, color schemes, and indicia must conform to published guidelines regarding Minnesota WorkForce Center System® identification.
- A local Technology Plan based on approved WorkForce Center System technology architecture must be completed. This plan should be based on shared data lines, network resources, and network servers.
- A clear understanding by all service providers of the broad spectrum of customer needs and the services available to satisfy those needs is intrinsic to the success of the Minnesota WorkForce Center System concept.
- WorkForce Center plans and operations must reflect the joint planning efforts of all local partners.
- Staff capacity-building needs must be identified and a plan created to meet those needs. This effort is considered key to effective collaboration and coordination of all WorkForce Center activities.

The following partners collaborate in the delivery of services at *all* Minnesota WorkForce Centers:

- Adult and youth programs funded under the Workforce Investment Act (WIA) Title I
 - Programs authorized under the Wagner-Peyser Act, WIA Title III
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 11 •

- Vocational Rehabilitation Programs authorized under the Vocational Rehabilitation Act of 1973, WIA Title IV
- Programs authorized under state unemployment compensation laws
- Programs authorized under Title V of the Older Americans Act
- Veterans employment programs

Additionally, the following partners and programs collaborate to deliver services through some or all WorkForce Centers in the system:

- | | |
|-------------------------------------|---|
| • American Indian Programs | • Job Corps |
| • Americorp | • Migrant and Seasonal Farm Worker Services |
| • Client Assistance Program | • Minnesota Youth Program |
| • Community Action Agencies | • National Literacy Act Providers |
| • Community-based Collaboratives | • Post-secondary Education Providers |
| • Displaced Homemaker Programs | • School-to-Work Programs |
| • Family Services Collaboratives | • Secondary Education Agencies |
| • Green Thumb | • Urban League |
| • Head Start Operators | • Welfare-to-Work Programs |
| • Homeless Assistance Act Providers | |

Minnesota WorkForce Centers provide the latest tools needed by the job seeker to search for a job, by region or nationally, and to research what jobs are in demand and the skills necessary for them. Users of the system can take tests to determine interests and skills and take classes on how to prepare or update a resume and discover new ways to look for employment. Employment and training support may be available to qualified persons who are experiencing financial hardship. Services for the blind and visually impaired are available at the WorkForce Centers as well as services for people with disabilities that affect their ability to find or retain employment. Information on services and opportunities for youth, mature workers, and veterans is also available. Many of these services are also available online at www.mnworkforcecenter.org.

Employers can post job openings for no fee in *Minnesota's Job Bank*, the state's largest database, and search for qualified employees locally, statewide, or nationally. The WorkForce Centers provide information on federal tax credits for hiring targeted groups, the state's Unemployment Insurance Program, Alien Labor Certification, youth and older worker programs, and the unique benefits of hiring veterans as well as providing assistance in hiring qualified job seekers with disabilities. Labor market information, ADA and small business assistance, as well as customized services to meet individual employers' specific needs are also available. In many cases, these services are also accessible on the Internet.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 12 •

Appendix A to this report contains an alphabetical listing of WorkForce Centers by community name and includes current space requirements, lease expiration dates, lease rates, sub-leases, and other information about local circumstances that concern co-location potential as well as information from the Department of Economic Security and Minnesota State Colleges and Universities system and local perspectives.

AFFILIATE SITES

In addition to 53 full-service WorkForce Centers, MDES is in the process of establishing a network of "Affiliate Sites." Affiliates are an integral part of the WorkForce Center System — they are an expansion of the system's capacity and provide greater access to WorkForce Center services. Their purpose is to ensure access to the full range of services normally associated with a full-service WorkForce Center to customers who enter the system through a service provider not located within a WorkForce Center. Affiliates are linked by electronic means and through the interaction of service providers at the Affiliate Site and the WorkForce Centers, which remain the backbone of the system.

By requesting Affiliate status, a prospective site agrees to:

- Welcome all customers to the Minnesota WorkForce Center System
- Provide timely and seamless referrals to other service providers in the system
- Assist customers in accessing self-service resources
- Make staff available for appropriate training
- Commit to continuous quality improvement
- Display and use the Minnesota WorkForce Center System® logo in accordance with published guidelines
- Document the agreement in writing
- Bear implementation costs

The following criteria must be met by a prospective site to be designated an Affiliate:

- The Affiliate must serve a population that enters the WorkForce Center System through an eligibility-based service provider not located within a WorkForce Center, or
 - A WorkForce Center System core partner or a vendor of a core partner provides a core workforce development service at that site (core partners are the regional employment and training provider, Job Service/Unemployment Service, Rehabilitation Services, and State Services for the Blind)
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 13 •

- The Affiliate's mission and vision must be consistent with the WorkForce Center System's mission and vision, and publicly displayed
- Affiliates must conform to the letter and spirit of the Americans with Disabilities Act
- Affiliates must have knowledge of other WorkForce Center System providers and their services
- Affiliates must accommodate "hoteling" as required by other partners

Designation as an Affiliate is for a period of two years and may be canceled at any time by either party. MDES maintains oversight authority to ensure a continued high level of quality associated with the Minnesota WorkForce Center System. Designation as an Affiliate is further contingent upon:

- Receipt of an application for Affiliate status initiated by a core partner, accompanied by a signed Statement of Assurances between the partner and the applicant
- Designation of a "host" WorkForce Center, responsible for ensuring performance in accordance with the Statement of Assurances
- Concurrence of the local Workforce Council and MDES (MDES will maintain and publish a directory of all authorized Affiliates and their host WorkForce Centers)

Currently there are 14 Affiliate sites; an additional 11 sites are in the process of certification.¹ Although there are some informal partnering arrangements between WorkForce Center partners and MnSCU campuses, none of the MnSCU campuses are Affiliate sites. MDES strongly urges development of a plan to designate every MnSCU campus where there is no co-located WorkForce Center as an Affiliate. Establishment of Affiliate status would be accomplished at the local level after examination of facilities, personnel, and other considerations.

¹ *Certified Affiliate sites are:* Employment Action Center on Chicago Avenue, EAC Wings, EAC Wings South, EAC Youth on Park Avenue, EAC New Chance and Young Dads on Broadway, Dislocated Workers Program at Edina Community Center, Lennox Community Center, CEP in Morris, Summit Academy OIC, Carver County Social Services, Aitkin WorkForce Center, American Indian OIC, HIRED at Sabathani, and SEARCH. *Sites with certification in process are:* Jewish Vocational Services - Kickernick Building, Jewish Vocational Services - St. Louis Park, Loring Nicollet (two sites), Lutheran Social Services on Park Avenue, Cottage Grove, Forest Lake, East Side Neighborhood Services, Hmong American Partnership on Glenwood, Minneapolis Urban League on Plymouth, and Hennepin County WERC.

WORKFORCE CENTER LEASES

WorkForce Centers occupy privately owned leased space in 34 of 53 locations. Fifteen other centers are located in government buildings, most of which are county government centers. Four WorkForce Centers are located on MnSCU campuses, in Austin, Hutchinson, Thief River Falls, and Winona.

MDES owns two buildings that were built or purchased prior to 1988 using a mix of state and federal funds. Both of these buildings are located in Minneapolis and house WorkForce Centers. Ongoing operational costs of all WorkForce Centers are provided from programs that specifically authorize lease-cost expenditures associated with program delivery. These programs are closely regulated, targeted federal grants that have no provision for capital improvement projects. In 1996, MDES was awarded a three-year, U.S. Department of Labor One-Stop Implementation grant, part of which was used to remodel leased spaces. Beyond this, however, MDES has not received funding that could be used for capital improvements.

Lease costs for WorkForce Centers are driven by local market conditions and arrived at through a negotiation with local property owners. In general, private-sector leases tend to be higher than those for government facilities or MnSCU locations. This is the result of many factors, not the least of which is the need to locate many WorkForce Centers in denser urban areas where higher lease costs are prevalent. Lease costs can be affected by such other factors as amortizing or assuming remodeling costs.

The Department of Administration's Real Estate Management Division negotiates and drafts leases and subleases and provides related services for agencies.² The division maintains a central database of information concerning state agency leases. MnSCU has statutory authority to enter leases on its own behalf.³ The WorkForce Centers' lease rates, lease expiration dates, and square footage requirements are shown in Appendix A, in alphabetical order by community.

² M.S. §16B.24, Subd. 6 (a).

³ M.S. §16C.03, Subd. 1.

LEASE EXPIRATION DATES and OTHER LEASE TERMS

WorkForce Center leases range from one to 10 years. Expiration dates of current leases are listed in chronological order in Table 1. About three-fourths of the current leases expire within the next three years. Of these:

- Two are co-located on MnSCU campuses
- Three are candidates for near-term co-location on MnSCU campuses pending system approvals and capital funding
- Six are in county government centers
- Three more are scheduled to move into county government centers at the end of their leases
- Twelve do not have MnSCU campuses in the community

Three WorkForce Centers do not have leases. Two are located in state-owned buildings (Minneapolis North and South). One is located in a city-owned building (St. Paul (Sibley)).

State leases include provisions for termination before lease expiration. Pursuant to M.S. §16B.24, Subd. 6, state leases provide that the lease is subject to cancellation upon 30 days' written notice by the lessee for any reason except lease of other non-state-owned land or premises for the same use. Additionally, the leases provide: In the event that the Minnesota State Legislature does not appropriate the funds necessary for the continuation of the lease agreement, or in the event that federal funds necessary for the continuation of the lease agreement are withheld for any reason, the lease agreement may be terminated by the lessee upon 30 days' written notice.

Where MDES is the sublessor, the leases state that the agreement "... may be terminated by sublessee for any reason at any time upon giving thirty (30) days written notice to sublessor." For MDES leases, typical provisions include termination for the contingency where space leased to MDES is subleased and the sublessee terminates the sublease. In that case, the lease language provides that MDES may terminate the portion of space leased by the sublessee with 30 days' written notice, provided that the vacated space is accessible to a common area of the building to enable the lessor to re-lease the space, and that MDES pays the lessor the actual cost to construct a party wall necessary to enclose the remaining leased space from the vacated space.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 17 •

TABLE 1. WorkForce Center lease expiration dates

| | |
|--|------------------------------|
| Litchfield (lease negotiations in process) | Fairmont 1-31-2003 |
| St. Cloud 1-31-2001 | Burnsville 6-30-2003 |
| Montevideo 1-31-2001 | Bemidji 6-30-2003 |
| Moorhead 3-31-2001 | Fergus Falls 6-30-2003 |
| Worthington 3-31-2001 | Austin 6-30-2003 |
| Detroit Lakes 6-30-2001 | Virginia 7-31-2003 |
| Duluth 6-30-2001 | Monticello 8-31-2003 |
| Hibbing 8-23-2001 | St. Paul (Skyway) 9-30-2003 |
| Cloquet 8-31-2001 | East Grand Forks 10-31-2003 |
| Albert Lea 8-31-2001 | St. Paul (Midway) 11-30-2003 |
| Stillwater 9-30-2001 | Mora 11-30-2003 |
| Grand Rapids 2-28-2002 | Park Rapids 11-30-2003 |
| Brainerd 6-30-2002 | Red Wing 11-30-2003 |
| Cambridge 6-30-2002 | Crookston 11-30-2003 |
| International Falls 7-31-2002 | Roseau 3-31-2004 |
| West St. Paul (Marie) 8-31-2002 | Rochester 5-31-2004 |
| West St. Paul (Wentworth) 8-31-2002 | Alexandria 6-30-2004 |
| North St. Paul 8-31-2002 | Shakopee 9-30-2004 |
| Blaine 9-30-2002 | New Ulm 10-31-2004 |
| Faribault 9-30-2002 | Winona 7-17-2005 |
| Hutchinson 10-13-2002 | Thief River Falls 10-31-2005 |
| Owatonna 10-18-2002 | Willmar 10-31-2005 |
| Wadena 10-31-2002 | Little Falls 2-28-2007 |
| | Brooklyn Park 5-31-2008 |
| | Mankato 6-30-2008 |
| | Bloomington 9-30-2008 |
| | Marshall 7-31-2009 |

WORKFORCE CENTER PARTNER LEASES and SUBLEASES

Nearly all WorkForce Center locations include the core MDES programs and additional non-MDES partners, as described above. The non-MDES partners most often sublease space in a WorkForce Center from MDES, but they may also lease space independently, and in a few cases a non-MDES partner is the lessor and MDES the sublessee. The lease arrangements,

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 18 •

space requirements, and other program needs of the combined partnership are important factors in current WorkForce Center locations and any consideration of relocation. In some cases, partner lease decisions and commitments can be primary drivers of WorkForce Center location decisions. Partner sublease information is presented in the tables in Appendix A by WorkForce Center location.

SPACE REQUIREMENTS

Appendix A delineates the space requirements for each WorkForce Center. It should be noted that the figures typically include requirements for all partners in the center. In some instances, the partners hold separate leases for their particular space and this is so noted in the Appendix. In general, WorkForce Center partners require a total of between 5,000 and 15,000 square feet of space.

For Affiliate sites, space requirements are minimal. A likely scenario would be use of an existing office having Internet access and already available staff, appropriately knowledgeable and able to assist individuals in accessing WorkForce Center System services. In most instances, MnSCU campuses have existing resources that readily lend themselves to this purpose.

MNSCU SPACE AVAILABILITY AND WORKFORCE PROGRAMS

MnSCU campuses are in the process of preparing or updating long-term master plans. The plans will have implications for the use of existing and future space devoted to academic and related purposes on each campus. MnSCU in 1999 prepared a preliminary campus space needs and use report with information from 54 MnSCU campuses, based on 1998 information.⁴ An updated report of space use and availability was in progress when this report was being written; preliminary results were expected in December and a final report in April 2001. The preliminary study found "space available" in buildings on nearly all MnSCU campuses; however, the definition of "space available" was specifically targeted to campus academic needs (on the basis of hourly classroom and academic uses) and did not address the availability of dedicated, contiguous space such as that for co-locating WorkForce Centers. As a result of this finding, for this legislative study campuses were questioned directly about space available that might be used for co-locating a WorkForce Center.

In general, MnSCU campuses are long on land to build and short on the kinds of building space that would permit immediate co-location of a WorkForce Center. Some have available space in existing buildings but renovation would be required to provide the adequate contiguous space needed for a WorkForce Center including partners. At least one campus has neither available space in buildings nor land on which to build. Campuses are often in a position to purchase additional land, subject to legislative approval in the case of two-year colleges and subject, with few exceptions, to legislative funding for all colleges and universities. Additionally, MnSCU institutions expressed concern that space be available for their own program needs first. MnSCU currently leases from other parties for its own uses about 354,600 square feet of space system-wide, which is less than 2 percent of projected space ownership for FY 2002. One-third of the space is leased by Metro State University. The remaining leased space is at nine MnSCU institutions in 27 cities.

Appendix A provides basic space-availability information from MnSCU campuses. The information is organized by WorkForce Center location, so the tables reference campuses that are in the communities or nearest to a WorkForce Center.

⁴ *Classroom/Laboratory Utilization Study and Academic Space Guidelines, Preliminary Report*, Paulien & Associates, Inc., Denver, Colo. (July 1999).

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 22 •

MnSCU CAMPUS PROGRAMS — WORKFORCE DEVELOPMENT

Even though the MnSCU focus is on the academic mission, campuses often provide workforce development-related services, under a variety of titles, to their students. Technical colleges often have well-developed employment training and education services that support local area workforce needs. These programs are administered under a variety of titles such as Resource Centers, Employment Education and Training Centers, or Workforce Development Centers. In some instances, MnSCU campuses rely on WorkForce Centers to provide some employment-related services and in other cases the reverse is true.

Education and training are essential in workforce development — for workforce availability, development of skills for the Knowledge Age, and retraining for the incumbent worker. MnSCU's role is reflected in the following statistics:

- In the past year, credit-based courses totaled more than 230,000 .
- Annually, MnSCU produces 27,000 graduates (three times more than the University of Minnesota).
- One of every five Minnesota workers is a graduate of one of MnSCU's programs.
- MnSCU developed and delivered customized training for 250,000 incumbent workers and 4,800 employers statewide

MnSCU has trained 54 percent of all information technology workers, 50 percent of new teachers, 86 percent of nurses, and 90 percent of new law enforcement officers in Minnesota.

Similarities of mission exist between the MnSCU workforce development services provided on some campuses and Workforce Center services and programs. As a rule, the programs and services on campuses are exclusively MnSCU's. However, it was noted that a representative from a local (or sometimes more distant) Workforce Center provides services at technical college resource centers, usually on a limited but regular basis. The programs can serve the general public, enrolled students, and incumbent workers.

MnSCU is addressing the state's workforce needs through its six-part program titled "Competing to Win," which was presented in October to the legislature's Joint Workforce Development Task Force. The components are:

1. **Building industry partnerships.** Colleges have been working with industry to redesign, rethink, and realign the MnSCU delivery system to meet the needs of critical industries: printing, precision manufacturing, health care, taconite production, and information tech-
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 23 •

nology. Eight more industries will receive MnSCU's focused partnership redesign efforts in the next year: agriculture, telecommunications, transportation, teacher preparation, finance and retail, wood and paper, biomedical devices, and construction. Adopting industry skill standards and use of leading edge equipment and technology are centerpieces of the development. Offerings range from one-time training to full academic degrees.

2. **Developing new and innovative programs.** In 1999, 204 new programs were developed to meet the needs of the changing workforce. They included 33 new software/information technology programs, 19 new health care related programs, and 17 new manufacturing programs.
 3. **Implementing a workforce tuition strategy.** Discussions with industry and the legislature are occurring to develop new financial formats, alliances, and scholarships to assist workers getting into needed skilled areas of the workforce.
 4. **Launching a strategic outreach plan.** The Internet System for Education and Employment Knowledge (ISEEK), already launched, helps new and incumbent workers to make informed career and job specific designations. It helps match individuals' skills to the needs of the workforce. It helps individuals and also helps industry find and recruit needed workers. The Web site is located at www.iseek.org.
 5. **Creating regional alliances for delivering programs of excellence.** This principle comes from the advice of MnSCU's industry partners. The regional approach will spur development of regional programs of excellence. Each program of excellence requires multi-campus collaboration, employer and industry participation, career laddering components for those seeking higher degrees, and local government participation. Cooperation with the Department of Economic Security is part of the overall strategy.
 6. **Building an e-learning system.** The evolving goal is to increase accessibility of programs on a 24 hours per day, 7 days a week, schedule to increase the flexibility of educational delivery and the competitive advantage for industries.
-

CRITERIA AND CONSIDERATIONS FOR LOCATING SITES

The Department of Economic Security has developed specific criteria for locating and certifying WorkForce Centers. The primary factor in the decision to establish or relocate a WorkForce Center at a particular site is the impact on the customer. Selected locations represent a balance of many considerations including partner needs, costs of available alternatives, and accessibility, among others. The foremost concern, however, is the ability to effectively deliver services to area customers.

There are many reasons for a WorkForce Center to relocate to a new location. These include changing demographics, new business processes, availability of more suitable space, increasing lease and operational costs, and changing customer needs. Within any given community, partners may have several relocation options. In those cases, MDES prefers shorter-term leases that permit flexibility to respond to program and funding changes and the dynamics of customer needs.

Any move of a WorkForce Center from an existing location to a MnSCU campus should be driven by local need. Discussions of several important topics will help to ensure success of a co-location — programmatic compatibility, physical requirements, and funding needs. A predesign created by the local parties would identify physical program needs and the scope, cost, and schedule to secure capital funds and funds for ongoing maintenance.

CO-LOCATION CRITERIA

MnSCU and MDES individually identified the following criteria as germane to any relocation.

MnSCU co-location criteria (Although subject to change for local circumstances, in general they apply to all campuses.)

- Space used by the WorkForce Center should not take space needed for MnSCU academic purposes.
 - The WorkForce Center should have a separate entry and identity and its own adequate parking.
 - The Center should pay for all operating expenses associated with the space including maintenance, utilities, and security.
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 26 •

- The Center is to be responsible for all costs involved with fixtures and renovations.
- If hours of operation differ from those of the MnSCU facility, the WorkForce Center must make the appropriate arrangements and is responsible for added costs.
- The WorkForce Center lease recaptures all operating costs, including debt service.

MDES criteria for co-location (These “general” and “site-specific” criteria are used by MDES for the location or relocation of any WorkForce Center.)

General criteria

- Customer demographics must support the site selected.
- The WorkForce Center must be able to provide all required services.
- Service providers must be co-located so that services are available in a timely, seamless manner.
- The Center must have a common reception area and an easily accessible Resource Area.
- The floor plan must be functionally designed and capitalize on teaming and partnering opportunities.
- The design should reflect integrated use of space including conference, classroom and common break rooms, shared storage and other facilities, and offer “hoteling” space for part-time staff and supervisors.
- The Center (and any associated facilities) must conform to the letter and spirit of the Americans with Disabilities Act.
- Signage must conform to published guidelines.
- The site must accommodate an MDES-approved technology structure.

Site-specific criteria

- The site must have “visibility” so the public can find the on-campus location from the main access road.
 - The WorkForce Center should be located so that the reception area and Resource Area can be accessed directly from the outside. An interior entrance to the campus building as well would be ideal.
 - The WorkForce Center partners must have contiguous space.
 - There must be sufficient parking to accommodate customer and staff needs. Sufficient customer parking must be adjacent to the front entrance to accommodate direct access by people with disabilities.
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 27 •

Joint MnSCU and MDES criteria for WorkForce Center co-location Both MnSCU and MDES identified the following criteria as key to a successful co-location:

Physical space

- Any MnSCU space must be adequate for the WorkForce Center partners to operate their programs and not disrupt the overall operations of the MnSCU facility.
- WorkForce Center space needs must not supplant space needed by MnSCU for academic programs throughout the term being considered for the lease.
- WorkForce Center space should be contiguous.
- Co-location plans must consider joint use of classroom and conference space, restrooms, and storage facilities to take advantage of cost savings opportunities.

Identity

- The two entities must maintain clearly visible, separate identities through appropriate signage.
- WorkForce Center space should be separately secured from the MnSCU facility when hours of operation are different.

Parking

- Adequate parking must be available free of charge for WorkForce Center customers.
- Parking for WorkForce Center customers must be separate from and not disrupt MnSCU paid-parking arrangements.

Access to transportation

- When available in the community, public transportation must be readily accessible to the WorkForce Center and MnSCU.

Cost

- Financing arrangements must be agreeable to both parties.
 - Leasehold improvement costs must be borne by the lessee.
 - The lease rate must provide full cost recovery, that is, the arrangement must be self-supporting, including operating expenses and longer-term repair and replacement costs and security arrangements. Appendix B shows a full-cost recovery model for calculating lease rates, with information developed by MnSCU and the Department of Administration.
-

CO-LOCATION CONSIDERATIONS

MnSCU and MDES provided information about the circumstances of co-locations in the four communities where they now occur. Lessons and insights that may help ensure success in future co-locations were provided.

Clarifying expectations and meeting local needs

- Mutual expectations for the arrangement should be clarified early in the exploratory stages. Among issues are the overall building and site usage, operational cost arrangements, identification, and potential for partnerships.
- Meeting local needs and making appropriate local arrangements are what make the co-locations successful. Collaboration and willingness to participate in program sharing are essential elements of success.
- Parties to the co-location must anticipate the impact of collaborative and coordinated employment-related service delivery. There must be discernable benefit to the customers of both service providers as a result of the co-location.
- Specific arrangements between MnSCU campuses and WorkForce Centers should be spelled out in writing. The agreements should cover lease terms and the rationale for those terms as well as the expectations and anticipated benefits for both parties.

Benefits

- The primary advantage of co-locating may be to further the "one-stop shopping" concept by enhanced partnering of area workforce development services in conjunction with the training opportunities available at MnSCU campuses. The intended result would be enhancement of service delivery to job seekers and employers.
 - Similarities in instructional support services, common customers, and cost savings from sharing spaces and other resources are the principal reasons noted for co-location. Improving customer service is the key consideration.
 - Shared use of space and equipment saves costs. Examples include conference rooms, data lines, telecommunications and electronic maintenance, resource libraries, class rooms or training facilities, and others.
 - Benefits from co-location can come from collaboration on educational services. MDES can benefit from readily available educational and training opportunities that MnSCU offers. MnSCU benefits because MDES offers a prospective customer base for the campuses.
 - In some cases, the cost per square foot for space at MnSCU campuses should be less than rates currently paid by WorkForce Centers.
-

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 29 •

- There may be additional potential in some areas, such as joint counseling of individuals working along their career paths. MnSCU students may benefit from the workforce knowledge of MDES counselors; MDES customers may benefit from the personal attention to their education and training needs that MnSCU can offer.

Barriers

- Most campuses are looking for additional space. MnSCU's primary mission of using education space can't always accommodate the MDES need for contiguous space and other needs of the WorkForce Centers with current facilities.
 - Overall cost savings from co-location appear to have not been documented in the four communities.
 - Space availability appears to be a driver of co-locations. That is, the campus can lease the excess space where and when it exists. If there is no extra available space, or no space that is expected to continue to be available in the future, then co-location would likely not be discussed except in relation to new construction. In some cases, both the WorkForce Center and campus need more space. In those cases, the co-locations may be in jeopardy. A WorkForce Center may also find that campus lease rates could rise to a level that makes other options more feasible and cost-effective.
 - MDES concerns about current co-locations include visibility, access, and parking.
 - Some local workforce boards have not yet undergone the Workforce Investment Act-mandated transition from Private Industry Councils (PICs) to the more strategically oriented Local Workforce Councils. Consequently, these entities do not view the efficacy of WorkForce Centers as being in their purview. Therefore, they don't address such issues as co-location. Including site considerations as part of the local councils' work is necessary to the success of any co-location initiative.
 - Parking issues affect both the WorkForce Center and MnSCU customers and staff. A plan to deal with parking issues is important to the success of the arrangement.
 - MnSCU is concerned that lease rates may not adequately recapture costs at current rates. Additionally, different hours of operation give rise to security issues and concerns about how such expenses and arrangements are covered.
 - Campuses expressed concern about the potential for unnecessary duplication of course offerings and competition between MnSCU and the WorkForce Center partners. However, the Local Workforce Councils are prohibited from direct service provision unless no other providers in the area offer the service. The respective roles of the MnSCU facility, the local council, and the WorkForce Center must be understood by everyone concerned.
-

PLAN FOR POTENTIAL CO-LOCATIONS

Creation of a plan for co-location of WorkForce Centers on MnSCU campuses must take into consideration the potential impact of several variables. Changing demographics of the respective customer populations, general economic conditions, and federal and state spending priorities are primary drivers that will change the feasibility of co-locations. Program, space, and location needs of WorkForce Centers as well as higher education facilities hinge on demographics as well as the availability of funding. The configuration of the WorkForce Center system and the MnSCU system will evolve as these factors dictate.

Forty Minnesota WorkForce Centers are located in communities that have an existing MnSCU campus:

| | | |
|-------------------------|---------------------|---------------------|
| Albert Lea | Faribault | Red Wing |
| Alexandria | Fergus Falls | Rochester |
| Austin | Grand Rapids | St. Cloud |
| Bemidji | Hennepin North | St. Paul (Sibley) |
| Blaine | Hennepin South | St. Paul (Downtown) |
| Brainerd | Hibbing | St. Paul (Midway) |
| Burnsville | Hutchinson | Thief River Falls |
| Cambridge | International Falls | Virginia |
| Cloquet | Mankato | Wadena |
| W. St. Paul (Marie) | Marshall | Willmar |
| W. St. Paul (Wentworth) | Minneapolis North | Winona |
| Detroit Lakes | Minneapolis South | Worthington |
| Duluth | Moorhead | |
| East Grand Forks | N. St. Paul | |

Of these, four are co-located on the campuses at Austin, Hutchinson, Thief River Falls, and Winona.

In 14 communities that have a MnSCU campus, the WorkForce Center is located in a government center, and the WorkForce Center partners have indicated little interest in relocating to the MnSCU campus with present circumstances. These communities are:

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 32 •

| | | |
|--------------|-------------------|-------------------------|
| Bemidji | Marshall | Wadena |
| Blaine | Minneapolis North | Willmar |
| Duluth | Minneapolis South | W. St. Paul (Marie) |
| Grand Rapids | Moorhead | W. St. Paul (Wentworth) |
| Hibbing | St. Paul (Sibley) | |

Twelve WorkForce Centers are in communities without a nearby MnSCU campus: Fairmont, Litchfield, Little Falls, Montevideo, Monticello, Mora, New Ulm, Owatonna, Park Rapids, Roseau, Shakopee, and Stillwater. Four of them — Litchfield, Mora, Shakopee, and Stillwater — are located in government centers.

NEAR-TERM ('IMMEDIATE') CO-LOCATIONS

Three communities present significant near-term prospects for successful co-location of WorkForce Centers on MnSCU campuses — Cambridge,⁵ St. Cloud, and Worthington. Each campus lacks sufficient space and would require capital funding to accommodate the co-location. To that end, discussions between MnSCU and WorkForce Center partners are ongoing at the local level. The discussions may result in a request for a capital appropriation from the Legislature for FY 2002. It is important to note that the MnSCU Board of Trustees will evaluate capital requirements of the entire system prior to making a decision about requesting capital funding for these projects. Several options are available for capital funding. A review of the capital financing options can be found in Appendix C.

FUTURE CO-LOCATIONS

Thirty-five campuses indicated interest in being included in a proposal for renovation or new construction that could include space to accommodate a WorkForce Center.⁶ Absent funding,

⁵ For Cambridge, MnSCU may request design funds in FY 2002 with construction in FY 2004.

⁶ The campuses that indicated an interest are at Albert Lea (Riverland), Alexandria, Bemidji, Bloomington (North Hennepin Tech at Eden Prairie), Burnsville (North Hennepin Tech and Dakota County Tech), Brainerd (Central Lakes), Brooklyn Park (North Hennepin), Cambridge (Anoka Ramsey), Cloquet (Fond du Lac), Detroit Lakes (Northwest Tech), Duluth (Lake Superior), East Grand Forks (Northwest Tech), Fairmont (Minnesota West at Jackson), Fergus Falls, Grand Rapids (Itasca), Hibbing, Hutchinson (River), Litchfield, Mankato (Minnesota State University and South Central Tech), Marshall (Southwest State), Moorhead (Northwest Tech), North St. Paul (Century), Rochester, Shakopee (Rochester Comm and Tech), Shakopee (Normandale), St. Paul (St. Paul Tech and Metro State University), Virginia (Mesabi), Wadena

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 33 •

there is insufficient contiguous space at any of the locations. Of these, 22 MnSCU campuses in communities with nearby WorkForce Centers present themselves as potential candidates for co-location if renovation or new construction funding was available. Among these, Detroit Lakes appears likely to be an early candidate. Appendix A provides information on the relative merits of co-location at these locations. Based on available information, the 22 locations that represent potential for co-location in the longer term are:

| | | |
|------------------|---------------------|---------------------|
| Albert Lea | Fergus Falls | Moorhead |
| Alexandria | Grand Rapids | North St. Paul |
| Brainerd | Hennepin North | Red Wing |
| Cloquet | Hennepin South | Rochester |
| Detroit Lakes | Hibbing | St. Paul (Downtown) |
| East Grand Forks | International Falls | St. Paul (Midway) |
| Faribault | Mankato | Virginia |
| | | Wadena |

Further information must be developed to assess the cost and feasibility of achieving a successful co-location in these communities. The protocol for developing this information is a focus of the local Workforce Development Council working in conjunction with the local MnSCU campus. Any recommendations for co-location would be the result of the councils' initiatives.

In 14 locations, WorkForce Centers are predisposed to remain at their current locations in government centers. In nearly all cases, the advantages of their current location suggest that the WorkForce Centers are unlikely to relocate in the near future. In many of those communities the MnSCU facility, although lacking available space, indicated an interest in exploring co-location if capital funding was available. Each of these communities could develop contingency plans to deal with a potential move from the government center.

At the four locations where WorkForce Centers are currently located on MnSCU campuses, the partners could, on a regular basis, identify additional efforts and resources that would be required to maintain and improve the relationship.

Several campuses indicated the desire to be co-located with a WorkForce Center, although none exists in their area. Each of these campuses lacks suitable contiguous space and would require a capital funding project to accommodate a co-location.

Irrespective of proximity to a WorkForce Center or the availability of space on campus,

(Northwest Tech), West St. Paul (Inver Hills and Dakota County Tech), Willmar (Ridgewater), and Worthington (Minnesota West).

every MnSCU location is a prospective candidate to become a WorkForce Center System Affiliate site. Affiliate sites on campuses would ensure that staff, students, and others who use the facility would have access to services of the larger WorkForce Center System.

ONGOING STUDY NEEDED

In accordance with state and federal legislation, the Governor has certified 16 Workforce Service Areas, each of which has a local workforce investment board known as the Local Workforce Council. Council membership includes representatives of business in the local area, labor organizations, community-based organizations, economic development agencies, the one-stop partners, *“representatives of local educational entities including post-secondary educational institutions (including representatives of community colleges, where such entities exist)”* [emphasis added], and others.⁷

The purpose of the local Workforce Council is to set strategic direction for the portion of the statewide workforce investment system within the local area. Each local council is responsible for developing a five-year local plan that expresses this direction and includes, among other things, the workforce investment needs of businesses, job seekers, and workers in the local area, and a description of the “one-stop” service delivery system to be established or designated in the local area.

The council must also set forth its plan for the coordination and non-duplication of workforce development activities and the continuous improvement of services within the area. It would seem appropriate therefore that local councils be the focus of ongoing discussions for improving service delivery in the local area, including the possibility of co-location of local WorkForce Centers on area MnSCU campuses.

Based on the vagaries of federal and state policies that affect workforce development and the dynamic needs of area employers and job seekers, many programs will change over the next 10 years. Features of many initiatives, funding levels, and methods of administration will change, and opportunities for joint undertakings will arise. Similarly, communities not now being considered for co-location may become likely candidates. The reverse may also be true. The test of any WorkForce Center relocation, whether to a MnSCU campus or otherwise, must be based on whether the relocation improves service and program availability to the local customer and capitalizes on opportunities to leverage resources on behalf of the customer. Local area needs and the impact of local area resources on meeting those needs are probably best understood by local service providers and local officials.

WorkForce Center relocation is a complex project that requires comparatively long lead times and close coordination. Approval and funding processes suggest at minimum two

⁷ Workforce Investment Act of 1998, Sec. 117 (b)(2)(A).

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 36 •

years, and three years are required to effectively carry out a planned move that requires significant funding. Each Workforce Council could evaluate the efficacy of WorkForce Center locations in its area as part of its annual plan review. The natural interaction of local Workforce Councils and the Governor's Workforce Development Council — on which both MDES and MnSCU are represented — can address the resources needed to effect relocations in the State's workforce development strategy.

CAPITAL FINANCING OPTIONS

The ongoing operational funding sources for WorkForce Centers are the partners' program funds for job training, welfare, vocational rehabilitation, and other similar functions that specifically authorize lease-cost expenditures associated with program delivery. These programs are most often closely regulated, targeted federal grants that have no provision for capital improvement projects.

No capital funds have been appropriated to MDES for WorkForce Centers in the past, although MDES had a one-time One-Stop Implementation grant from the U.S. Department of Labor in 1996-1999 that was used in part for remodeling leased spaces. MDES has two buildings that were built in 1988 (pre-WorkForce Centers) with a 50-50 mix of state bonding and federal funds. Those buildings in North and South Minneapolis now house WorkForce Centers. MDES has not received any other funding that could be used for capital improvements.

The co-location of WorkForce Centers on MnSCU campuses can require capital expenditures for renovation or new building. New building options include adding space in a planned MnSCU building to accommodate a WorkForce Center co-location. This section reviews the capital financing options that would pertain to accommodating the needs of co-locations that require such expenditures.

Staff from the Department of Finance noted that all public and private capital financing options would require legislative action and approvals. Capital financing options are limited by a provision in the Minnesota Constitution that is interpreted by the Department of Finance to prohibit a private party from encumbering state lands.⁸ The Constitution provides that public debt (general obligation bond proceeds) will be used to acquire and better public lands and buildings. There must be a public use of the improvements. The Constitution also requires that the land be owned by a state agency or a political subdivision.

⁸ Minnesota Constitution, Art. 11, Sec. 5: PUBLIC DEBT AND WORKS OF INTERNAL IMPROVEMENT; PURPOSES. Public debt may be contracted and works of internal improvements carried on for the following purposes: (a) to acquire and to better public land and buildings and other public improvements of a capital nature and to provide money to be appropriated or loaned to any agency or political subdivision of the state for such purposes if the law authorizing the debt is adopted by the vote of at least three-fifths of the members of each house of the legislature

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 38 •

The state may lease state-owned real property to a private party if the property is not needed for a public purpose and "if the rental is not otherwise provided for or prohibited by law."⁹ Importantly, MnSCU is exempt from this statute. Thus, the lease of MnSCU property is not subject to these provisions. However, for agencies that are subject to M.S.16B.24, the lease term may be up to five years, or up to 25 years with Executive Council approval.¹⁰

For remodeling or renovation of existing state buildings, capital financing options are limited in certain circumstances. According to Department of Finance staff, if the building was originally built with general obligation bonds, then general obligation bonds or general funding must be used for remodeling. If no general obligation bond funding went into constructing the building — that is, only general funding was used — then additional funding options are available for renovations.

GENERAL OBLIGATION BONDS

The usual means of financing state capital projects is state general obligation bonding. State general obligation bonds provide the lowest available rate of interest on long-term debt. Debt service payments are made from general funds over the life of the debt. Twenty years is the maximum maturity of general obligation bonds. The legislature appropriates general funds annually to make debt service payments on all outstanding bonds.

Statutes require that MnSCU pay one-third of the annual debt service costs for bonds sold to accomplish MnSCU capital improvements.¹¹ MnSCU pays these costs from general fund appropriations, billing one-half of debt service costs to the campuses and one-half to the overall operating support budget. The campus portion is paid from general funds and tuition revenues.

⁹ M.S. §16B.24, Subd. 5. Renting out state property. (a) Authority. The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the state executive council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

¹⁰ *Ibid.*

¹¹ M.S. §16A.662, Subd. 5.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 39 •

GENERAL FUNDS

In a very limited number of cases, capital projects are paid up-front with an appropriation of state general funds. Because there is no debt or other obligation created, interest charges are not a feature of this type of capital funding. The Bureau of Criminal Apprehension building in St. Paul is a recent example of the use of general funds. The amount of available general funds that can be devoted to funding capital projects normally precludes funding large capital projects this way.

LEASE-PURCHASE — CERTIFICATES of PARTICIPATION

Cities, counties, and school districts, but not state agencies, have the authority to acquire real property through lease-purchase.¹² The contract must provide for termination at the end of any fiscal year. The state commonly purchases personal property through lease-purchase. The legislature could authorize the use of the lease-purchase mechanism to provide funding for major renovation or new building to advance the co-location of WorkForce Centers on MnSCU campuses. The authorization could be on a project-by-project basis or broader. The financing arrangements for lease-purchase of realty would be essentially the same as those currently in place for personal property. With the grant of authority for specific projects, the legislature would also appropriate funds for the initial payments as required under terms of the agreements. MnSCU may not enter leases longer than seven years without legislative authorization.

Certificates of participation (COPs) are the financial instrument used by local governments to provide the financing for lease-purchased capital projects. Several states authorize the use of COPs at the state level for capital projects, but Minnesota is not one of them. COPs entitle holders to receive payments over the payoff period — typically 20 or 30 years for capital projects. Legally, these financing instruments are not debt.

COPs are backed by the realty as collateral. The rate of interest for COPs varies with the market and currently is estimated to be 0.10 percent higher than for state general obligation bonds. As with lease-purchase, the state would control the financing arrangements, using financial-institution financing. With COPs, the legislature would annually or biennially appropriate general funds to pay off the then-due portion of outstanding certificates of participation.

¹² M.S. §465.71.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 40 •

In order for a sale of COPs to be feasible, assurances would have to be made to prospective purchasers concerning the stream of revenues to pay the certificates when due over the life of the issue, including plans for contingencies. Generally, at the end of the term, when all payments have been made, ownership would transfer to the state.

REVENUE BONDS

Revenue bonds are a form of long-term debt that relies on a predictable stream of revenues from operation of the building to pay debt service as it becomes due. State use of revenue bonds for building is rare. Revenue bonds can be sold by the state to finance certain kinds of capital projects. Financing of the new Retirement Systems Building in Empire Park, St. Paul, is a recent example of where revenue bonds were used. The state owns the building and the several retirement systems pledged revenues backed by assets to the debt repayment.

From the viewpoint of paying off long-term revenue bond obligations, the stream of predictable revenues is key. The institutional investor is concerned about the reliability of the revenue stream from entities that pay off the bonds, typically the occupants. In the case of WorkForce Centers, the stream of revenues to make payments for 20-year financing obligations is not ensured in these federal and state programs, where funding levels can change significantly. MnSCU or the Department of Administration, as the case may be, may be able to identify other uses and occupants for the space if the WorkForce Center left, but debt payments would continue until the obligation is ended.

MnSCU revenue bonds. The statutory provisions concerning MnSCU-issued bonds for state universities are contained in M.S. §136F.90, Subd. 1 (5).¹³ The statutory provision does not cover capital projects at technical or community colleges. This limited MnSCU authority has been required for construction and ongoing support of needed student facilities such as residence halls, student unions, and dining facilities. All funding authority remaining under current authorization is required for necessary modernization and capital repairs of these student facilities.

¹³ Briefly, for state universities, the MnSCU board may "borrow money and issue and sell bonds in an amount or amounts the legislature authorizes for the purpose of acquiring, constructing, completing, remodeling, or equipping any buildings or structures, and acquiring sites, and refund and refinance the bonds by the issuance and sale of refunding bonds when the board finds that it is in the public interest. . . . The bonds are payable only from and secured by an irrevocable pledge of the revenues to be derived from the operation of any buildings or structures acquired, constructed, completed, remodeled, or equipped in whole or in part with the proceeds of the bonds and from other income and revenues described in section 136F.92, clause (1), the board by resolution specifies, and notwithstanding this limitation all bonds issued under sections 136F.90 to 136F.98 shall have the qualities of negotiable instruments under the laws of this state. The legislature shall not appropriate money from the general fund to pay for these bonds." The statute does not provide revenue bonding authority for anything other than state universities (four-year residential institutions).

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 41 •

PRIVATE BUILD-LEASE

In a private build-lease (build-to-suit) arrangement, a building is designed, constructed, and financed by a developer specifically to meet the needs of the user who will occupy the space. The build-lease agreement would likely include an option to purchase. Build-lease requires a long-term agreement among the parties. In the scenario under discussion, a private party would build to suit the needs of the WorkForce Center, then lease the space to the state — presumably either MnSCU or the Department of Administration. The WorkForce Center would sublease the space.

Any private development on bond-financed property (most MnSCU campuses are bond-financed property) must comply with the Constitutional and statutory requirements regarding bond-financed property.

Legislative approvals would be required to ensure the payment stream over the life of the agreement. Although the current revenue stream from a WorkForce Center may be adequate to cover current liabilities in such an arrangement, the longer-term revenue stream is less certain. Additionally, the state would require extensive assurances from the developer concerning the quality and features of the building.

The costs of financing would be at private party market rates. The interest rate and other costs would make build-lease more costly than the options noted above. Built into the lease rate would be the developer's principal and interest, other costs/fees related to construction, financing, and overhead, and profits.

ADDITIONAL FINANCING OPTION CONSIDERATIONS

WorkForce Centers' funding level or program changes may require different locations and space configurations for service delivery in the future. Some kinds of long-term capital financing arrangements might limit flexibility that WorkForce Center partner programs need to adapt to changing demographics and other conditions that determine the best location for providing their services. The willingness or ability of the partners in any location to agree to long-term arrangements would be an important consideration.

MDES regards the flexibility of short-term leases as important to the ability of the WorkForce Center System to continually adapt to changing needs of the customer base. In practice, however, it appears that WorkForce Centers actually relocate infrequently.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MnSCU CAMPUSES
• PAGE 42 •

MnSCU management summarizes the situation with alternative capital financing by noting that their capital and operating funding is used to support the academic mission and not to provide space to build or renovate for tenants, such as a WorkForce Center, that are not part of the academic mission.

The WorkForce Centers prefer short-term leases; most are for five years and the longest currently is 10 years. This arrangement permits flexibility to meet changing customer needs. If a WorkForce Center was to vacate space on a campus that is subject to a long-term financing plan, MnSCU or the Department of Administration, as the case may be, would be required to find new uses for the space. This would not be problematic if the campus needs the space, but might be difficult if the campus has more space than needed, or if the vacated space needs substantial renovation to be used for the intended alternative purpose. Conversely, it is possible that a MnSCU campus might decide to not renew a WorkForce Center lease if MnSCU has no other options for space needed for high-priority academic programs. In that case, the length of the lease term between MnSCU and MDES might be important for the resolution.

CONCLUSIONS about CAPITAL FINANCING OPTIONS

The study group, with information from MDES and MnSCU as well as the Department of Finance, concluded that the usual capital financing mechanisms — general obligation bonding and general fund appropriations — would provide the most cost-effective mechanisms to finance potential co-locations of WorkForce Centers on MnSCU campuses that require building or renovation. Lease-purchase and certificates of participation provide alternatives with slightly higher interest rates that add costs over the life of the arrangement. Private financing options, such as build-lease, must comply with the Constitutional and statutory requirements regarding bond-financed property. Considerable additional work, including legal and financial analysis and the circumstances of individual locations, would be required for active consideration of the private financing options. The circumstances of each potential co-location of a Work-Force Center on a MnSCU campus, where capital funding is required, requires a case-by-case analysis to determine the most appropriate and advantageous financing arrangement.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 43 •

APPENDIX A
PROFILE OF WORKFORCE CENTERS BY LOCATION

| Albert Lea | | Summary status and plans |
|---|---|--|
| Lease end | Aug. 31, 2001 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$9.09 | |
| Space needs | 6,000 sq. ft. | |
| WorkForce Center partner subleases | 1 3,200 sq. ft. | |
| WorkForce Center notes on current location | Current space is not adequate. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Riverland College at Albert Lea campus is adjacent, to the high school. | |
| Space available | Insufficient contiguous space. | |
| MnSCU other notes | If funds are available for renovation. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 44 •

| Alexandria | | Summary status and plans |
|--|--|--|
| Lease end | June 30, 2004 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$12.24 | |
| Space needs | 4,500 sq. ft. | |
| WorkForce Center partner subleases | 1 2,000 sq. ft. | |
| WorkForce Center notes on current location | Downtown space works well. In 4 th year of 7-year lease. Parking and access very good. Reasonable lease rate for the area. Located in bank building. Resource room is a little small. Space on two levels instead of one. | |
| WorkForce Center other notes | Currently meets needs of partners. | |
| Nearest MnSCU campus | Alexandria Technical College. | |
| Space available | No available space — significant deficit at campus. | |
| MnSCU other notes | If funds are available for new construction it could be co-located. Proposal for FY 2002 does not include new space for co-location. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 45 •

| Austin | | Summary status and plans |
|---|--|--|
| Lease end | June 30, 2003. | <i>WorkForce Center is co-located on MnSCU campus.</i> |
| Lessor | MnSCU | |
| Lease rate | \$4.00 | |
| Space needs | 2,500 sq. ft. | |
| WorkForce Center partner subleases | 1 1,000 sq. ft. | |
| WorkForce Center notes on current location | Problems with access and schedule. Space concerns. No off-hours staff access. No external signage. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Riverland Community College at Austin campus | |
| Space available | Currently OK — concern about future need for space. Campus may need space. | |
| MnSCU other notes | MnSCU programs are expanding and may need space. Wants to enter one-year leases due to concerns about limited space for primary academic purpose. Other changed lease terms. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 46 •

| Bemidji | | Summary status and plans |
|--|--|---|
| Lease end | June 30, 2003 | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | Beltrami County | |
| Lease rate | \$10.50 | |
| Space needs | 10,300 sq. ft. | |
| WorkForce Center partner subleases | 2 5,400 sq. ft. | |
| WorkForce Center notes on current location | New county building. Co-location with other service providers — county, private, school district — provides excellent referrals and communications. Downtown location accessible to public transportation, county-wide. Daycare in the building. Reasonable costs. | |
| WorkForce Center other notes | County is not the main WorkForce Center partner, but other partners are located in the building. Not likely to move from building. Present facilities at Tech College could not accommodate. | |
| Nearest MnSCU campus | Bemidji State University. Northwest Technical College – Bemidji. | |
| Space available | Not sufficient contiguous space. | |
| MnSCU other notes | Existing space could be renovated to create adequate contiguous space. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 47 •

| Blaine | | Summary status and plans |
|--|--|--|
| Lease end | Sept. 30, 2002 | <i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. |
| Lessor | Anoka County | |
| Lease rate | \$11.50 | |
| Space needs | 12,300 sq. ft. (total WorkForce Center 66,000 sq. ft.) | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | 23 agencies on-site with history of collaboration. Affordable rates. Centrally located with 90% of county within 12 miles. Ample free parking, major bus routes, para transit. Partners at the location include Anoka–Ramsey Community College and Anoka–Hennepin Tech College. Remodeled space with 8 classrooms, new state-of-the-art Resource Room. | |
| WorkForce Center other notes | No interest in moving. Unlikely to move from current location in the near future. | |
| Nearest MnSCU campus | Anoka–Hennepin Technical College and Anoka–Ramsey Community College. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | WorkForce Center 10 miles from MnSCU campus. If funds are available for new construction and/or renovation, it could be co-located. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 48 •

| Bloomington | | Summary status and plans |
|--|---|--|
| Lease end | Sept. 30, 2008 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$16.08 | |
| Space needs | 24,430 sq. ft. | |
| WorkForce Center partner subleases | 4 2,800 sq. ft. | |
| WorkForce Center notes on current location | Partially obscured by another building and not readily visible from the main road. Lacks community exposure and has difficult egress. Not on main bus route and is removed from significant part of customer base. Partners require less space than currently leased. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Normandale Community College. Hennepin Technical College at Eden Prairie. | |
| Space available | No available space on campuses. | |
| MnSCU other notes | Hennepin Technical College leases space in the same building as the WorkForce Center and has two full-time staff plus clerical that provide computer and related instruction on an hourly basis for clients referred by the WorkForce Center. If funds are available for new construction and renovation, it could be co-located. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 49 •

| Brainerd | | Summary status and plans |
|--|--|--|
| Lease end | June 30, 2002 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$11.48 | |
| Space needs | 12,500 sq. ft. | |
| WorkForce Center partner subleases | 1 3,000 sq. ft. | |
| WorkForce Center notes on current location | Good location in south industrial park area. Great parking. Affordable rent. Could use more classroom space. Recent spending for remodeling about two years ago to make open WorkForce Center environment. | |
| WorkForce Center other notes | Concerns about space at the college and need more parking space. | |
| Nearest MnSCU campus | Central Lakes College – Brainerd campus. | |
| Space available | Insufficient contiguous space available. | |
| MnSCU other notes | WorkForce Center is in town with MnSCU campus. If funds are available for new construction/renovation, it could be co-located. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 50 •

| Brooklyn Park | | Summary status and plans |
|---|---|--|
| Lease end | May 31, 2008 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$17.44 | |
| Space needs | 19,300 sq. ft. | |
| WorkForce Center partner subleases | 2 6,300 sq. ft. | |
| WorkForce Center notes on current location | Has some public transportation but not visible because located in a corporate park. Away from population, which is further east and south of this location. | |
| WorkForce Center other notes | Interest in partnering with campus. WorkForce Center has partnership with North Hennepin — campus has computer lab for WorkForce Center use during the day. In exchange, campus conducts evening classes at WorkForce Center. | |
| Nearest MnSCU campus | North Hennepin Community College. Hennepin Technical College. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | If funds are available for new construction and/or renovation, it could be co-located. North Hennepin is proposing in FY 2002 a project for Workforce <i>Development</i> Center. Hennepin Technical College is closer to current WorkForce Center location. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 51 •

| Burnsville | | Summary status and plans |
|--|---|---|
| Lease end | June 30, 2002 | <p><i>WorkForce Center potential move to a government building is pending.</i> Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available; however, the Dakota County Technical College campus is located well away from population centers. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame. Other possible future location could be Dakota County Service Building (current plans lean toward move there in 5 to 7 years, but the plans could change).</p> |
| Lessor | Non-government | |
| Lease rate | \$15.96 | |
| Space needs | 3,800 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Inver Hills Community College and Dakota County Technical College rent space and are co-located at the current WorkForce Center location. | |
| WorkForce Center other notes | WorkForce Center is included in floor plans for the proposed new Dakota County Service Center—West to be built in Apple Valley in 2003. | |
| Nearest MnSCU campus | — | |
| Space available | Contiguous space not available now but could be with remodeling. | |
| MnSCU other notes | If funds are available for new construction and/or renovation, it could be co-located. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 52 •

| Cambridge | | Summary status and plans |
|--|--|---|
| Lease end | June 30, 2002 | <p>May request capital project funding (design funds for FY 2002 and construction in FY 2004) that could include additional space for WorkForce Center co-location. Currently in discussion with local campus concerning co-location. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the near-term ("immediate").</i></p> |
| Lessor | Non-government | |
| Lease rate | \$8.96 | |
| Space needs | 4,000 sq. ft. | |
| WorkForce Center partner subleases | 3 1,300 sq. ft. | |
| WorkForce Center notes on current location | Could move after current lease expires. Wants to ensure that space layout would be an improvement. Interested in exploring the move potential. | |
| WorkForce Center other notes | Currently in discussion with local campus concerning co-location. | |
| Nearest MnSCU campus | Anoka-Ramsey Community College – Cambridge campus. | |
| Space available | Contiguous space not available. | |
| MnSCU other notes | Campus is one mile from town. FY 2002 capital request will be submitted for Phase II of the campus. If funded, space for a WorkForce Center could be made available. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 53 •

| Cloquet | | Summary status and plans |
|--|---|--|
| Lease end | Aug. 31, 2001 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Local economic opportunity agency (WorkForce Center partner) | |
| Lease rate | \$10.89 | |
| Space needs | 3,500 sq. ft. (MDES lease is 1,100 sq. ft.) | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Current location has good visibility and access. | |
| WorkForce Center other notes | Campus too far from current business base. | |
| Nearest MnSCU campus | Fond du Lac Tribal and Community College. | |
| Space available | Shortage of space, no contiguous space. | |
| MnSCU other notes | Local WorkForce Center staff uses library space each Tuesday afternoon. If funds are available for new construction and/or renovation, could be co-located. Campus 4 miles from city. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 54 •

| Crookston | | Summary status and plans |
|---|---|--|
| Lease end | Nov. 30, 2003 | Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. Local campus is University of Minnesota. |
| Lessor | Non-government | |
| Lease rate | \$8.85 | |
| Space needs | 7,000 sq. ft. | |
| WorkForce Center partner subleases | 2 350 sq. ft. | |
| WorkForce Center notes on current location | Moved to new location about a year ago. Good location, visible in community. Close to university, high school, and county offices. Parking and space are sufficient. No plan to leave the city. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | University of Minnesota local campus. Nearest MnSCU campus is Northwest Technical College in East Grand Forks (20 miles away). | |
| Space available | Space not available. | |
| MnSCU other notes | 20 miles from Crookston. Funds would be required for new construction. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 55 •

| Detroit Lakes | | Summary status and plans |
|--|--|--|
| Lease end | June 30, 2001 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. WorkForce Center also indicated an interest in exploring co-location. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the near-term ("immediate").</i></p> |
| Lessor | WorkForce Center Partner (nonprofit) | |
| Lease rate | \$13.04 | |
| Space needs | 2,500 sq. ft. (MDES lease is 1,400 sq. ft.) | |
| WorkForce Center partner subleases | MDES subleases from a WorkForce Center Partner | |
| WorkForce Center notes on current location | Working well, but would consider a move. Excellent customer parking. Good spaces. Good location. Heating and cooling system and lack of storage space are problems. At capacity for staff space. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Northwest Technical College – Detroit Lakes campus. | |
| Space available | Existing space can be made available if funds are available for remodeling. | |
| MnSCU other notes | Interested if funds are available for remodeling. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 56 •

| Duluth | | Summary status and plans |
|--|--|--|
| Lease end | Jan. 30, 2001 | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | State-owned building | |
| Lease rate | \$11.58 | |
| Space needs | 12,900 sq. ft. | |
| WorkForce Center partner subleases | 2 3,400 sq. ft. | |
| WorkForce Center notes on current location | WorkForce Center is co-located with City of Duluth and county offices. Other partners and service providers are in the same building. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Lake Superior College. | |
| Space available | No current space available. Request pending for additional space. | |
| MnSCU other notes | WorkForce Center and MnSCU campus two miles apart. Lake Superior College is requesting funds in FY 2002 for expansion and would like to have <i>Workforce Development Center</i> . | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 57 •

| East Grand Forks | | Summary status and plans |
|---|--|--|
| Lease end | Oct. 31, 2003 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$7.19 | |
| Space needs | 2,900 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Not co-located with any other service providers. Parking is sufficient. No wish to move from current location. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Northwest Technical College – East Grand Forks campus. | |
| Space available | Space not available. | |
| MnSCU other notes | East Grand Forks would co-locate if funds are available for new construction. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 58 •

| Fairmont | | Summary status and plans |
|--|---|---|
| Lease end | Jan. 31, 2003 | Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. |
| Lessor | Non-government | |
| Lease rate | \$11.50 | |
| Space needs | 4,400 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | No information | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Minnesota West – Jackson campus is 26 miles away on Highway 90. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | With remodeling funds, this could be co-located. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 59 •

| Faribault | | Summary status and plans |
|--|--|--|
| Lease end | Sept. 30, 2002 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$10.25 | |
| Space needs | 5,300 sq. ft. | |
| WorkForce Center partner subleases | 1 1,500 sq. ft. | |
| WorkForce Center notes on current location | Parking is sometimes a problem. Space is not adequate. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | South Central Technical College – Faribault campus. | |
| Space available | No available contiguous space. | |
| MnSCU other notes | Existing campus is landlocked adjacent to the high school. Funds to relocate campus needed to accommodate WorkForce Center new construction. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 60 •

| Fergus Falls | | Summary status and plans |
|--|--|--|
| Lease end | June 30, 2003 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$10.00 | |
| Space needs | 8,000 sq. ft. | |
| WorkForce Center partner subleases | 1 2,800 sq. ft. | |
| WorkForce Center notes on current location | Current location works well, integrating most functions and staff. Reasonable lease rate for the area. Downtown location improves customer access. | |
| WorkForce Center other notes | Co-location could be good fit if space, parking, and access can be achieved. | |
| Nearest MnSCU campus | Fergus Falls Community College. | |
| Space available | Campus does not have contiguous space available. | |
| MnSCU other notes | If funds are available for remodeling or new construction, it could be co-located. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 61 •

| Grand Rapids | | Summary status and plans |
|--|---|---|
| Lease end | Feb. 28, 2002 | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Itasca County | |
| Lease rate | \$12.75 | |
| Space needs | 4,000 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Tight for space in current location. County building houses several other service providers. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Itasca Community College. | |
| Space available | Insufficient contiguous space available. | |
| MnSCU other notes | Campus is 2 miles from downtown area, bus access available from downtown to campus. If funds are available for remodeling, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 62 •

| Hibbing | | Summary status and plans |
|--|--|--|
| Lease end | Aug. 23, 2001 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | City economic development authority | |
| Lease rate | \$8.50 | |
| Space needs | 6,100 sq. ft. | |
| WorkForce Center partner subleases | 2 2,500 sq. ft. | |
| WorkForce Center notes on current location | No information. | |
| WorkForce Center other notes | Would consider co-location with community college. | |
| Nearest MnSCU campus | Hibbing Community College. | |
| Space available | Contiguous space not available. | |
| MnSCU other notes | If funds are available for renovation and/or new construction, co-location could occur. Campus is six blocks from downtown area. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 63 •

| Hutchinson | | Summary status and plans <i>WorkForce Center is co-located on MnSCU campus.</i> Both WorkForce Center and MnSCU need additional space. Possible capital project in FY 2004. |
|--|--|---|
| Lease end | Oct. 13, 2002 | |
| Lessor | MnSCU | |
| Lease rate | \$5.50 | |
| Space needs | 3,000 sq. ft. | |
| WorkForce Center partner subleases | 2 1,500 sq. ft. | |
| WorkForce Center notes on current location | Needs more space. | |
| WorkForce Center other notes | Overall current arrangement works well on campus. | |
| Nearest MnSCU campus | Ridgewater College – Hutchinson campus. | |
| Space available | No additional space available for WorkForce Center. | |
| MnSCU other notes | Academic programs also need more space. Concern that growing academic programs will require that WorkForce Center lease not be renewed. Additional funds to be required for continued co-location. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 64 •

| International Falls | | Summary status and plans |
|--|--|--|
| Lease end | July 31, 2002 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$9.12 | |
| Space needs | 2,600 sq. ft. | |
| WorkForce Center partner subleases | 2 1,200 sq. ft. | |
| WorkForce Center notes on current location | Would consider a move. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Rainy River Community College. | |
| Space available | Insufficient contiguous space available. | |
| MnSCU other notes | Renovation funding could make space available for a WorkForce Center. In the city, 1 mile from WorkForce Center. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 65 •

| Litchfield | | Summary status and plans |
|---|--|--|
| Lease end | Lease negotiations in process | <p><i>Located in county human services building.</i> Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes.</p> |
| Lessor | Private Industry Council | |
| Lease rate | No rental charge | |
| Space needs | Space for one workstation and use of reception area, break room, and conference room. | |
| WorkForce Center partner subleases | State subleases from PIC, which leases from Meeker County. | |
| WorkForce Center notes on current location | County-owned building (former school). Small office. Good for partnership with county services. Pay less than full rent. | |
| WorkForce Center other notes | No MnSCU campus in Meeker County. 30 miles from Willmar; 20 miles from Hutchinson. See Hutchinson WorkForce Center. Prior to MnSCU creation, shared space with staff from Ridgewater College – Hutchinson in Litchfield. | |
| Nearest MnSCU campus | Ridgewater Community and Technical College – Willmar and Hutchinson campuses. | |
| Space available | No contiguous space available at Willmar. No additional space available at Hutchinson. | |
| MnSCU other notes | If funds are available for remodeling at Willmar, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 66 •

| Little Falls | | Summary status and plans |
|--|---|---|
| Lease end | Feb. 28, 2007 | Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. |
| Lessor | Non-government | |
| Lease rate | \$9.33 | |
| Space needs | 4,400 sq. ft. | |
| WorkForce Center partner subleases | 1 2,800 sq. ft. | |
| WorkForce Center notes on current location | Current location offers ample parking and access. Significant customer flow at current location. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | 30 miles from Brainerd Community College. 26 miles from St. Cloud University. | |
| Space available | No space available. | |
| MnSCU other notes | — | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 67 •

| Mankato | | Summary status and plans |
|---|---|--|
| Lease end | June 30, 2008 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$12.00 | |
| Space needs | 9,900 sq. ft. | |
| WorkForce Center partner subleases | 1 170 sq. ft. | |
| WorkForce Center notes on current location | Would consider a move. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Minnesota State University – Mankato. South Central Technical College – Mankato campus. | |
| Space available | Contiguous space not available. | |
| MnSCU other notes | Parking is at a distance at MSU – Mankato. South Central Technical would add new square footage if funds are available to co-locate. Both campuses are 2 to 4 miles out of downtown area. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 68 •

| Marshall | | Summary status and plans |
|--|--|---|
| Lease end | July 31, 2009 | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | Lyon County | |
| Lease rate | \$10.15 | |
| Space needs | 7,000 sq. ft. | |
| WorkForce Center partner subleases | 1 3,600 sq. ft. | |
| WorkForce Center notes on current location | Just relocated about a year ago to Lyon County Courthouse where human services agencies are also located. Able to provide one-stop shopping for customers. Good parking. Lease rate and access to technology are good. | |
| WorkForce Center other notes | Concern about parking and entranceway to local campus in relation to WorkForce Center needs. | |
| Nearest MnSCU campus | Southwest State University – Marshall. | |
| Space available | Available space not contiguous. Remodeling would be required. Southwest State leases about 15,000 sq. ft. of space to a number of community organizations and the high school. | |
| MnSCU other notes | If funds are available for renovation and revised entry, co-location is possible. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 69 •

| Minneapolis (E. Lake St.) | | Summary status and plans |
|---|---------------------------------------|---|
| Lease end | Not applicable — state-owned property | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | N/A | |
| Lease rate | N/A | |
| Space needs | — | |
| WorkForce Center partner subleases | 2 2,600 sq. ft. | |
| WorkForce Center notes on current location | No information. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Minneapolis Community and Technical. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | No parking available. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 70 •

| Minneapolis (Plymouth Ave N) | | Summary status and plans |
|---|---------------------------------------|---|
| Lease end | Not applicable — state-owned property | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | N/A | |
| Lease rate | N/A | |
| Space needs | — | |
| WorkForce Center partner subleases | 2 5,800 sq. ft. | |
| WorkForce Center notes on current location | No information. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Minneapolis Community and Technical. | |
| Space available | No contiguous space. | |
| MnSCU other notes | No parking available. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 71 •

| Montevideo | | Summary status and plans |
|---|--|---|
| Lease end | Jan. 31, 2001 | Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. |
| Lessor | Non-government | |
| Lease rate | \$6.91 | |
| Space needs | 3,700 sq. ft. | |
| WorkForce Center partner subleases | 1 2,100 sq. ft. | |
| WorkForce Center notes on current location | Centrally located within the five counties served by the office. Lease rate is manageable. Adequate to meet customer needs. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Minnesota West Tech College – Granite Falls. | |
| Space available | No current space available. | |
| MnSCU other notes | 12 miles from Minnesota West Technical College – Granite Falls. If funding is available for new construction or renovation, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 72 •

| Monticello | | Summary status and plans |
|---|---|---|
| Lease end | Aug. 31, 2003 | Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. |
| Lessor | Non-government | |
| Lease rate | \$13.06 | |
| Space needs | 3,100 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Location is good for serving both Sherburne and Wright counties. Need to continue being able to serve two counties. | |
| WorkForce Center other notes | No MnSCU campus in the two counties served by the WorkForce Center. | |
| Nearest MnSCU campus | Anoka–Ramsey Community College. North Hennepin Community College. | |
| Space available | — | |
| MnSCU other notes | 20 miles from Anoka Ramsey Community College and North Hennepin Community College. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 73 •

| Moorhead | | Summary status and plans |
|--|--|---|
| Lease end | March 31, 2001 (2 leases) | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Clay County | |
| Lease rate | \$11.25 | |
| Space needs | 12,000 sq. ft. (MDES lease is 4,500 sq. ft.) | |
| WorkForce Center partner subleases | 1 300 sq. ft. | |
| WorkForce Center notes on current location | Good setup with other service providers. Full-time maintenance. Adequate staff space. Extra meeting rooms available. Staff parking is inadequate, customer parking somewhat limited. Some problems with space. Floor plan could be better. WorkForce Center would consider a move. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Minnesota State University – Moorhead. Northwest Technical College – Moorhead. | |
| Space available | Insufficient contiguous space at Northwest Tech College and MSU – Moorhead. | |
| MnSCU other notes | MSU – Moorhead parking would make it an unlikely co-location candidate. If funding is available for new construction and/or renovation at NW Tech College, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 74 •

| Mora | | Summary status and plans |
|--|---|---|
| Lease end | Nov. 30, 2003 | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | Kanabec County | |
| Lease rate | \$5.20 plus janitorial | |
| Space needs | 3,000 sq. ft. | |
| WorkForce Center partner subleases | 1 400 sq. ft. | |
| WorkForce Center notes on current location | Moved Nov. 15, 2000, into county building. Low lease rate. Share a T-1 line and phone system with the county. City is centrally located within the region it serves. Close to other county offices. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Pine Technical College is 20 miles east. Anoka Ramsey – Cambridge campus is 21 miles south. See Cambridge WorkForce Center. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | Pine Tech is seeking funds for a Workforce Development Center. Cambridge could co-locate if funds are available to build and/or remodel. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 75 •

| New Ulm | | Summary status and plans |
|--|--|---|
| Lease end | Oct. 31, 2004 | Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. |
| Lessor | Non-government | |
| Lease rate | \$10.36 | |
| Space needs | 3,000 sq. ft. | |
| WorkForce Center partner subleases | 2 800 sq. ft. | |
| WorkForce Center notes on current location | No information | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | South Central Tech – Mankato. | |
| Space available | See notes on Mankato. | |
| MnSCU other notes | South Central Tech – Mankato is 22 miles away. South Central Technical would add new square footage if funds are available to co-locate. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 76 •

| North St. Paul | | Summary status and plans Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame. <i>Potential for co-location in the longer term.</i> |
|--|--|--|
| Lease end | Aug. 31, 2002 | |
| Lessor | Non-government | |
| Lease rate | \$11.26 | |
| Space needs | 20,000 sq. ft. Current space has 14,000 sq. ft. | |
| WorkForce Center partner subleases | 3 11,500 sq. ft. | |
| WorkForce Center notes on current location | No information | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Century Community and Technical College. | |
| Space available | Significant space deficit. If Intermediate School District vacates the campus, there is still no available space. | |
| MnSCU other notes | Century Community and Technical College is the nearest campus. If funds are available for new construction, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 77 •

| Owatonna | | Summary status and plans |
|---|---|--|
| Lease end | Oct. 18, 2002 | Not a candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location on campus barring major changes. Co-location may be proposed, but in a leased building rather than on a campus. |
| Lessor | Non-government | |
| Lease rate | \$10.50 | |
| Space needs | 3,900 sq. ft. | |
| WorkForce Center partner subleases | 1 1,600 sq. ft. | |
| WorkForce Center notes on current location | Adequate parking, signage, and location. Inadequate space. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | No local campus. | |
| Space available | — | |
| MnSCU other notes | Co-location in a city-owned building could occur. Riverland Community College has a 10-year leased space for an “educational center.” Co-location with a WorkForce Center in that building may be possible. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 78 •

| Park Rapids | | Summary status and plans |
|--|--|--|
| Lease end | Nov. 30, 2003 | Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction were made available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame. |
| Lessor | Non-government | |
| Lease rate | \$10.50 | |
| Space needs | 1,800 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | No information | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Northwest Technical College – Detroit Lakes. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | Northwest Technical College – Detroit Lakes is 40 miles away. If funding is available for renovation, co-location is possible. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 79 •

| Red Wing | | Summary status and plans |
|--|--|--|
| Lease end | Nov. 30, 2003 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$10.00 | |
| Space needs | 5,200 sq. ft. | |
| WorkForce Center partner subleases | 1 2,600 sq. ft. | |
| WorkForce Center notes on current location | Adequate amount of space. Parking is adequate. Appropriate signage. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Minnesota Southwest Technical College – Red Wing. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | Campus is very interested in the WorkForce Center eventually co-locating to the campus. If future funds are available for new construction, co-location may be possible. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 80 •

| Rochester | | Summary status and plans |
|--|--|--|
| Lease end | May 31, 2004 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$16.66 | |
| Space needs | 20,000 sq. ft. (MDES lease is 11,300 sq. ft.) | |
| WorkForce Center partner subleases | 1 3,500 sq. ft. | |
| WorkForce Center notes on current location | Downtown building, with correspondingly high lease rate. Often short on conference space. Space configuration is acceptable but not optimal. Amount of space available overall is sufficient. Customer access is good — central location in downtown and easily identifiable. | |
| WorkForce Center other notes | One of the four WorkForce Center partners is entering new lease of substantial space in adjacent building. Discussions have occurred but not sufficient to assess feasibility. Not known if space that might become available would be sufficient or appropriate. Based on current leases and other considerations, it would be several years before any move could occur. | |
| Nearest MnSCU campus | Rochester Community and Tech College. | |
| Space available | Contiguous space not available. | |
| MnSCU other notes | Would require funds for new construction. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 81 •

| Roseau | | Summary status and plans |
|---|--|---------------------------------|
| Lease end | March 31, 2004 | |
| Lessor | Non-government | |
| Lease rate | \$11.39 | |
| Space needs | 1,800 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Parking and space are sufficient. No plan to move from current location. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Northland Community College – Thief River Falls. | |
| Space available | — | |
| MnSCU other notes | Northland Community College – Thief River Falls is 56 miles away. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 82 •

| Shakopee | | Summary status and plans |
|--|--|--|
| Lease end | Sept. 30, 2004 | <i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Not a current candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. |
| Lessor | Scott County | |
| Lease rate | \$15.45 | |
| Space needs | 1,800 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Space is inexpensive but off the beaten path. Advantage being in same building as other services. | |
| WorkForce Center other notes | Move would not be a priority for the county. | |
| Nearest MnSCU campus | Normandale Community College. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | Normandale Community College is 10 miles away. If funds are available for new construction, co-location is possible. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 83 •

| St. Cloud | | Summary status and plans |
|--|---|---|
| Lease end | Jan. 31, 2001 (5 leases) | <p>May request capital project funding for FY 2002 that could include additional space for WorkForce Center co-location. Low potential for immediate co-location without capital funds.</p> <p><i>Potential for co-location in the near term ("immediate").</i></p> |
| Lessor | Non-government | |
| Lease rate | \$13.48 (18,300 sq. ft.) \$12.05 (800 sq. ft.) | |
| Space needs | 35,000 sq. ft. | |
| WorkForce Center partner subleases | 2 2,900 sq. ft. | |
| WorkForce Center notes on current location | Has excellent visibility, easy access from major highways, ample free parking, on a bus line, co-located with other partners. Lacks sufficient contiguous space for the four core partners (two partners in different office suites on first floor; two partners in different office suites on second floor). One local partner has different lease period and terms. | |
| WorkForce Center other notes | WorkForce Center partners are co-located at a retail mall location but not in contiguous spaces. Ongoing remodeling project attendant to lease renewal will partially resolve non-contiguous space problem; however, there is no room for growth or additional partners. Discussions and feasibility study for future move to St. Cloud Technical College are ongoing. Concerns center on adequacy of space, parking, access, and competing needs of campus and WorkForce Center. | |
| Nearest MnSCU campus | St. Cloud State University. St. Cloud Technical College. | |
| Space available | No current space available. Request is pending for new space. | |
| MnSCU other notes | 2 miles apart. MnSCU may propose co-location at St. Cloud Tech College in FY 2002 capital budget. WorkForce Center move into new space could occur as early as 2005. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 84 •

| St. Paul (Downtown Skyway) | | Summary status and plans |
|--|---|--|
| Lease end | Sept. 30, 2003 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$18.60 | |
| Space needs | 11,500 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Downtown skyway location regarded as advantageous. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Metropolitan State University. St. Paul Technical College. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | Parking is a problem at St. Paul Technical College. If funds are available for building or remodeling, co-location could be considered. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 85 •

| St. Paul (Sibley St.) | | Summary status and plans |
|---|--|---|
| Lease end | Non-exclusive use of space. Used couple days per week. | Unique situation indicates that this WorkForce Center would not be considered for co-location. However, nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame. |
| Lessor | N/A — Owned by City of St. Paul | |
| Lease rate | N/A | |
| Space needs | No information | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | City requested space be designated as a WorkForce Center. Houses one or two people who are at the site less than full time. Location will likely be re-certified as an Affiliate site. | |
| WorkForce Center other notes | Space is provided by the city without cost to the WorkForce Center. | |
| Nearest MnSCU campus | Metropolitan State University. St. Paul Technical College. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | Parking is a problem at St. Paul Technical College. If funds are available for building or remodeling, co-location could be considered. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 86 •

| St. Paul (Midway) | | Summary status and plans |
|---|---|--|
| Lease end | Nov. 30, 2003 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$11.83 | |
| Space needs | 9,600 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Current location regarded as advantageous. Space is tight. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | St. Paul Technical College. Metropolitan State University – St. Paul. Metropolitan State University – Mpls. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | No parking. If funds are available for building or remodeling, co-location could be considered. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 87 •

| Stillwater | | Summary status and plans |
|---|--|---|
| Lease end | Sept. 30, 2001 | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Not a candidate for co-location due to distance from campus or other factor that appears to effectively preclude co-location barring major changes. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | Washington County | |
| Lease rate | \$9.80 | |
| Space needs | 700 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Satisfied with current location. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Century Community and Technical College. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | Century Community and Technical College is nearest campus, 12 miles from Stillwater. If funds are available for new construction, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 88 •

| Thief River Falls | | Summary status and plans |
|---|---|---|
| Lease end | Oct. 31, 2005 | <i>WorkForce Center is co-located on a MnSCU campus. Concerns about growing academic space needs.</i> |
| Lessor | MnSCU | |
| Lease rate | \$10.50 | |
| Space needs | 3,540 sq. ft. | |
| WorkForce Center partner subleases | Not applicable | |
| WorkForce Center notes on current location | Parking and space are sufficient. No plan to move from current location. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Northland Community and Tech College. | |
| Space available | Co-located; however, campus concerned about growing need for space for educational programs. | |
| MnSCU other notes | If campus continues to grow, it will need this space for educational purposes. Lease rate likely to increase. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 89 •

| Virginia | | Summary status and plans |
|---|---|--|
| Lease end | July 31, 2003 | <p>Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Non-government | |
| Lease rate | \$10.66 | |
| Space needs | 10,100 sq. ft. | |
| WorkForce Center partner subleases | 2 5,200 sq. ft. | |
| WorkForce Center notes on current location | Major remodeling done last year in current WorkForce Center location. | |
| WorkForce Center other notes | — | |
| Nearest MnSCU campus | Mesabi Range Community and Technical College (Northeast Higher Education District) – Virginia campus. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | If funds are available for new construction or renovation, co-location could be considered. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 90 •

| Wadena | | Summary status and plans |
|---|---|---|
| Lease end | Oct. 31, 2002 | <p><i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the longer term.</i></p> |
| Lessor | Wadena County | |
| Lease rate | \$10.50 | |
| Space needs | 2,800 sq. ft. | |
| WorkForce Center partner subleases | 1 1,300 sq. ft. | |
| WorkForce Center notes on current location | This is a new county services building. Good parking. Could use more space. WorkForce Center is satisfied with current location. Move would benefit common mission. | |
| WorkForce Center other notes | Parking would be problem at the college. | |
| Nearest MnSCU campus | Northwest Technical College – Wadena. | |
| Space available | Space is not available. | |
| MnSCU other notes | If funds are available for new construction, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 91 •

| West St. Paul (Marie) | | Summary status and plans |
|--|--|---|
| Lease end | Aug. 31, 2002 | <p><i>WorkForce Center move to a new government building is pending.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction were made available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> |
| Lessor | Non-government | |
| Lease rate | \$13.85 | |
| Space needs | 9,600 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Will be combined with West St. Paul (Wentworth) when both move to Dakota County government center building in Inver Grove Heights. | |
| WorkForce Center other notes | Plan to move to new Dakota County government services center; building expected to be completed in 2002. | |
| Nearest MnSCU campus | Inver Hills Community College – Inver Grove Heights. Dakota Technical College – Rosemount. | |
| Space available | No contiguous space available at either campus. | |
| MnSCU other notes | If funds are available for renovation at Dakota or new construction at Inver Hills, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 92 •

| West St. Paul (Wentworth) | | Summary status and plans |
|---|--|--|
| Lease end | Aug. 31, 2002 | <p><i>WorkForce Center move to a new government building is pending.</i> Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame. Unlikely to move to campus in short term.</p> |
| Lessor | Non-government | |
| Lease rate | \$13.85 | |
| Space needs | 9,600 sq. ft. | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Will be combined with West St. Paul (Marie) when both move to Dakota County government center building in Inver Grove Heights. | |
| WorkForce Center other notes | Plan to move to new Dakota County government services center; building expected to be completed in 2002. | |
| Nearest MnSCU campus | Inver Hills Community College – Inver Grove Heights. Dakota Technical College – Rosemount. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | If funds are available for renovation at Dakota or new construction at Inver Hills, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 93 •

| Willmar | | Summary status and plans <i>WorkForce Center is in a government building.</i> Unlikely to move to campus in short term. Nearest campus stated interest in co-locating with WorkForce Center if funding for renovation or new construction would be available. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame. |
|--|---|---|
| Lease end | Oct. 31, 2005 (2 leases) | |
| Lessor | Kandiyohi County | |
| Lease rate | \$14.37 | |
| Space needs | 6,200 sq. ft. | |
| WorkForce Center partner subleases | 2 500 sq. ft. | |
| WorkForce Center notes on current location | Located in Kandiyohi County Human Services Building with a large contract supporting staffing and associated WorkForce Center costs. Shared T-1 lines and access to multiple conference rooms, lunch rooms, onsite child care, other amenities. Lots of free parking. | |
| WorkForce Center other notes | Ridgewater campus location would make customer access a problem. Would rather move customized training to the WorkForce Center. | |
| Nearest MnSCU campus | Ridgewater College – Willmar. | |
| Space available | No contiguous space available. | |
| MnSCU other notes | If funds are available for renovation, co-location could occur. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
 • PAGE 94 •

| Winona | | Summary status and plans |
|---|--|--|
| Lease end | July 17, 2005 | <i>WorkForce Center is co-located on MnSCU campus. MnSCU is requesting funds in FY 2002 to maintain space for co-location.</i> |
| Lessor | MnSCU | |
| Lease rate | \$1.65 | |
| Space needs | 4,800 sq. ft./8,000 for all partners | |
| WorkForce Center partner subleases | — | |
| WorkForce Center notes on current location | Working well. | |
| WorkForce Center other notes | Recently remodeled space. | |
| Nearest MnSCU campus | Southeast Technical College at Winona. | |
| Space available | Additional space not available. | |
| MnSCU other notes | Funding for additional space for new programming is being requested in FY 2002. Question about lease renewal in 2005 if new space is not funded. | |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES

• PAGE 95 •

| Worthington | | Summary status and plans |
|---|---|--|
| Lease end | March 31, 2001 | <p>May request capital project funding for FY 2002 that could include additional space for WorkForce Center co-location. Low potential for immediate co-location without capital funds. Further local discussion applying the co-location criteria, determining mutual benefits, and securing preliminary agreement on terms will be required to assess co-location potential within a 10-year time frame.</p> <p><i>Potential for co-location in the near term ("immediate").</i></p> |
| Lessor | Non-government | |
| Lease rate | \$11.16 | |
| Space needs | 4,800 sq. ft. | |
| WorkForce Center partner subleases | 1 1,700 sq. ft. | |
| WorkForce Center notes on current location | Willing to consider move. Location is very good but facility is inadequate. | |
| WorkForce Center other notes | Have been investigating local options, but they are costly. Could be new option as result of proposed joint facilities study among county, city, and school district. Location and parking could be problems at campus, especially for rehabilitation services and public assistance customers. | |
| Nearest MnSCU campus | Minnesota West Community and Technical College – Worthington. | |
| Space available | Contiguous space not available. | |
| MnSCU other notes | 1 mile from current WorkForce Center. Would add to MnSCU FY 2002 funding request to provide additional space to accommodate WorkForce Center. | |

APPENDIX B

METHOD FOR DETERMINING LEASE RATES

Lease rates generally are determined by local market conditions, including available options of suitable space and the parties' bargaining position. Lease rates at the four WorkForce Centers now located on MnSCU campuses show generally low rates relative to the local market. Among the reasons are that market rates were not the benchmark when the rates were set and in some cases MDES contributed funds to renovate occupied space. For this study, however, the question is the prospective calculation of lease rates for co-locations.

WorkForce Centers are interested in finding space that meets their local program needs and those of their partners at reasonable cost, selecting the best among available options in the local market. Many factors, including the lease cost, are balanced to determine the best available option. Advantageous lease rates leave more funds for delivering services.

As a rule, lessors want to charge the highest attainable rate allowed by local market conditions. Some MnSCU campuses have indicated a preference toward charging the local market rate for similar space if WorkForce Centers would co-locate on campus. Campuses are expected to operate in a financially prudent manner and to exercise appropriate business-like relationships in leasing space to other parties.

A major MnSCU concern is the full recovery of costs associated with a lease, including capital and operating costs. MnSCU is required by statute to pay back to the general fund over the life of the bonds one-third of the debt service for buildings financed by state general obligation bonds.¹ A lease rate that does not attempt to recover full relevant costs might be seen as a subsidy — providing a service at less than what it costs to provide it.

Although details of components that go into full costs are being worked on, the principle of full cost recovery through the lease rates appears to have support from both MnSCU and DES, for sites that are appropriate for co-location. It could also be noted that the full cost recovery lease rate may not be the best available lease rate in a community, or may in combination with other factors make the MnSCU campus option more or less desirable in the local market.

¹ M.S. §16A.662, Subd. 5. Assessment to higher education systems. (a) In order to reduce the amount otherwise required to be transferred to the state bond fund with respect to bonds heretofore or hereafter issued under Laws 1990, chapter 610, article 1, section 30, subdivision 2, the commissioner of finance shall assess each higher education system for one-third the amount that would otherwise need to be transferred with respect to those bonds sold to finance capital improvement projects at institutions under the control of the system; provided that, to the extent that the amount to be transferred is for payment of principal and interest on bonds sold to finance life safety improvements, the commissioner must not assess the higher education systems for the transfer.

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 98 •

Additionally, both MnSCU and MDES wish to retain flexibility in their commitments for the use of space. At some time before the costs of building or renovation are fully recovered, either MnSCU or MDES could decide that the co-location should be discontinued — due, for example, to significant funding changes or to new location or space requirements needed to serve their respective customers.

The lease terms for existing co-located WorkForce Centers on campuses commonly are three to five years. Recent discussions may indicate a preference for shorter terms.

LEASE RATE COMPONENTS

The components for a lease rate based on full cost recovery are listed and illustrated in Table 1. This scenario is for new building of a WorkForce Center with 5,000 square feet of space and typical leasehold improvements,² assuming full cost recovery and general obligation state bonding for construction (costs in Year 2000 dollars). The figures estimate the annual lease costs per square foot. They were developed during the study in discussions with MnSCU. The figures are generalized and would differ for every case, due to a large number of considerations. This information is a general guide.

The essential cost components for a full cost recovery calculation would include operating cost and debt service components whether the space is new or renovated. MnSCU is required by statute to pay one-third of the cost of debt service for general obligation bond financing. In a situation where existing space is renovated, the applicable costs for the lease would be as represented in the “operating costs” portion of the table plus an amount that covers existing debt service. Because the debt service amounts reflected in the lease table include only the one-third of total debt service that MnSCU is required to repay, total costs to the state are higher.³ In addition to lease costs, the lessee would be responsible for all leasehold improvement costs.

² Typical leasehold improvements include standard heating, ventilating, and air-conditioning; ceiling; lighting; wall construction; electrical; and carpet.

³ This table shows operating costs plus the MnSCU 1/3 debt service payment (the lease rate amount), compared with operating costs plus the full debt service payment. All figures are per-square-foot.

| Assumed project cost | Operating costs | MnSCU portion of debt service (1/3) | Lease rate | Total debt service | Total debt service and operating costs |
|----------------------|-----------------|-------------------------------------|------------|--------------------|--|
| \$100 | \$4.94 | \$2.67 | \$7.61 | \$8.00 | \$12.94 |
| \$150 | \$4.94 | \$4.00 | \$8.94 | \$12.00 | \$16.94 |
| \$200 | \$4.94 | \$5.34 | \$10.28 | \$16.00 | \$20.94 |

REPORT TO THE MINNESOTA LEGISLATURE
POTENTIAL CO-LOCATION OF WORKFORCE CENTERS ON MNSCU CAMPUSES
• PAGE 99 •

TABLE 1. Generalized estimated annual lease rate per square foot for a WorkForce Center on a MnSCU campus

| |
|---|
| • <i>Operating costs:</i> rate per square foot to cover operating costs ^a |
| \$ 1.39 - utilities ^b |
| .50 - supplies/equipment ^c |
| 1.55 - operations and maintenance ^d |
| <u>1.50 - repairs and renewal^e</u> |
| \$ 4.94 - total |
| • <i>Debt service for new construction:</i> rate per square foot to cover the MnSCU portion (1/3) of debt service ^f assuming 20-year general obligation bonding ^g |
| \$ 2.67 if project cost ^h is \$100 per square foot |
| \$ 4.00 if project cost is \$150 per square foot |
| \$ 5.34 if project cost is \$200 per square foot |
| • <i>Total lease rate for new construction:</i> total lease rate per square foot, including operating costs and debt service (20-year bonds) |
| \$ 7.61 if project cost is \$100 per square foot |
| \$ 8.94 if project cost is \$150 per square foot |
| \$10.28 if project cost is \$200 per square foot |

^a The costs for utilities, supplies and equipment, operations and maintenance, and repairs and renewals are based on 2001 budget estimates developed by MnSCU.

^b *Utilities* include electric, natural gas, fuel oil, other utilities; hazardous waste; plant; long-distance and network telephone; refuse removal; water and sewer; and recycling. Other utilities include purchased steam. Utility costs were inflated by 20 percent from FYs 1997, 1998, and 1999 actuals for recent mild winters and increases in natural gas costs.

^c *Supplies and equipment* includes the supply and equipment items needed to maintain the facility.

^d *Operations and maintenance* includes physical plant services required for program support and other functional uses of campus facilities and grounds such as building automation, equipment operations (vehicle drivers and equipment operation and maintenance), HVAC maintenance and operation, grounds maintenance (lawns, landscape, snow removal), general maintenance work and custodial services including space event services, building services supervisor and maintenance foremen costs.

^e *Repairs and renewal* includes repair and/or in-kind replacement of physical elements of facilities and fixed equipment such as roof repairs and replacement, masonry wall tuckpointing, window repair and replacement, carpet replacement, and renovation projects (same use).

^f Debt service for new construction is based on the total project cost amortized over 20 years at an average interest rate of 5.7 percent and divided by 3, as MnSCU is required by statute to pay one-third of the debt service back to the general fund. If the project were for renovation, the rate for debt service would include the existing debt.

^g General obligation bonding provides the least costly debt financing mechanism for state capital projects.

^h *Project costs* includes all hard and soft costs for construction, such as testing, design, consultants, project management, construction, and contingencies.