Administration

CAPITAL BUDGET REFORM

JANUARY 1992

Pursuant to 1991 LAws, Chapter 342, section 22

STATE OF MINNESOTA
Department of Administration

OFFICE OF THE COMMISSIONER

200 Administration Building
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February 12, 1992

The Honorable Arne H. Carlson
Governor
130 State Capitol Building

Patrick E. Flahaven
Secretary of the Senate
231 State Capitol Building

Edward A. Burdick
Chief Clerk
House of Representatives
211 State Capitol Building

Dear Gentlemen:

Pursuant to Minnesota Laws 1991, Chapter 345, Article 1, Section 17, Subdivision 4, the Department of Administration has developed a framework for an integrated infrastructure management system which includes the establishment of a database of building classification standards and the time and cost of continuing the program for fiscal year 1993.

Pursuant to Minnesota Laws 1991, Chapter 342, Section 22, the Department of Administration studied the ways to make space and building decisions impact the operating budgets of the agencies that request capital projects as a way to increase efficiency in the management of space.

The enclosed report represents the department's findings and its recommendations to the Legislature.

Sincerely,

Dana B. Badgerow
Commissioner

DBB:WMH:ns

Enclosure

CAPITAL BUDGET REFORM

A REPORT TO
THE LEGISLATURE
FROM THE
CAPITAL BUDGET REFORM
STEERING COMMITTEE

JANUARY 1992

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EXECUTIVE SUMMARY

The 1991 Minnesota Legislature directed the commissioner of administration to report on several legislative initiatives related to capital asset management. These initiatives include an integrated infrastructure management system for state-owned or -occupied buildings, the resources necessary for such a system, the condition or "classification" of existing facilities, and rent issues.

This report contains capital budget reform concepts and analysis related to these initiatives. It was prepared by the Capital Budget Reform Steering Committee created by the commissioner of administration in June 1991 to design a work plan and to later oversee its implementation.

Three underlying principles of the capital budget reform process are, first, to determine agency facility needs in a reliable, organized manner; second, to determine at any time the suitability and condition of facilities available for use; and third, to determine the most appropriate combination of the first two principles in a facility plan that can be budgeted for implementation and comparison with other statewide priorities.

Although this report addresses executive branch goals in support of these underlying principles, both the executive and legislative branches must prepare a broader strategic plan for the state. A more efficient capital budgeting process will be wasted if no vision guides the priority-setting and decision-making processes. Decision making should be informed by the appropriate standards for determining need and solutions to that need.

Objectives and tasks

The three key objectives of capital budget reform and their tasks are:

1. **To develop standards and computerized data bases that the executive and legislative branches can use to make more informed capital budget decisions.**

   a. Establish design and space utilization standards

   b. Establish cost-estimating standards

   c. Establish a building condition and maintenance classification system

   d. Create and maintain an inventory of state-owned and state-leased facilities

e. Implement computer data base systems

2. To enhance the state's asset management.

a. Develop mechanisms for greater flexibility in acquiring and financing capital assets, for example, lease with option to buy

b. Refine the management and operation of the capital asset preservation and replacement account (CAPRA)

c. Examine and implement a rent concept where state agencies pay the *real* cost of occupying space in state-owned buildings

d. Implement changes in the state's budgeting and accounting systems to reflect the financial impact of capital budget decisions

3. To enhance the state's capital budgeting process.

a. Create a disciplined strategic planning process

b. Develop a standards manual that agencies must use to prepare their capital budget requests

c. Revise capital budget forms to include a technical analysis by the Department of Administration and an analysis by the Department of Finance of the impact of the capital budget on programs and operating budgets

d. Revise the executive branch capital budgeting process to strengthen the technical assistance provided to agencies, the technical review conducted by the Department of Administration, the program and financial review conducted by the Department of Finance, and the working relationship between the departments of Finance and Administration

e. In 1992, the Department of Administration will report on strategies to increase efficiency in the management of space, and on implementation of the integrated infrastructure management system. The governor will present his capital budget recommendation.

f. In 1993, the Department of Finance will present its debt capacity report, and the governor will present his capital budget, including a long-range strategic plan; policy recommendations on such issues as debt capacity, leasing, location of state facilities, and maintenance and repair; and detailed six-year capital budget recommendations prioritized within agencies and statewide. The detailed recommendations will include program and technical analyses by the departments of Finance and Administration.

Summary of key points and recommendations

Discussion on capital budget reform in Minnesota State Government can be divided into three categories — capital budgeting, strategic planning, and rent policy.

During the steering committee's research and analysis, each category generated its own conclusions, including creation of a list of action steps the Department of Administration will begin to implement this year as a means of improving the capital budget process and anticipating future needs of state agencies.

A small number of changes cannot be made administratively. These take the form of recommendations for the legislature to consider acting on in the 1992 session.

Capital budgeting. A data base encompassing building construction, age, use, size, configuration, suitability, and condition is fundamental to all aspects of development and management of facilities.

In order to implement the proposed process, the Division of State Building Construction has purchased the SARA system. SARA is a proprietary brand name for a computerized facility development system that helps design and track a project from concept to occupancy. It is in use in several states.

The extensive SARA data base provides a reliable benchmark for building standards and costs. These benchmarks are adjusted for building types and regional differences.

It has been determined that the Department of Administration will take the following steps to improve the process:

- The SARA software will be used by the Division of State Building Construction to monitor the budgeting process at various stages of a project's scope development.
- The state will also expand the use of computer-aided design (CAD) to maintain building plans and attributes in computer media for analysis and reproduction.
- The departments of Administration and Finance will develop a budgeting manual documenting the minimum data required for project review.
- Much of the data regarding the building type, use, size, and age is already available in various forms either through the Division of State Building Construction or the various user agencies and institutions, but needs to be entered into the SARA system.
- An inventory of the condition and suitability of all state-owned and -leased buildings will be an ongoing prioritized process. The initial phase will be done over six years, with biennial updates.

It is recommended to the legislature that:

- **Funds be appropriated to implement the recommendations of capital budget reform. In order to leverage**

the assets the Department of Administration already has, the department should be allowed to use the balance ($314,000) of the 1991 appropriation ($350,000) as a carryover. This would provide the funds necessary to continue expanding the use of the SARA software system, expand the use of computer-aided design, and conduct the inventory of building classification already under way.

Strategic planning. The need for creation and implementation of a long-range comprehensive plan to guide the state in making capital budget decisions is becoming more critical every year. The Department of Administration is prepared to take the leadership role in this process and coordinate all fiscal elements of such a plan with the Department of Finance.

A commitment of major resources will be made to in-depth planning and wide-ranging decision making among several state agencies, the Capitol Area Architectural and Planning Board, and the legislature. Additional funding will be needed to carry out the plan and effect the vision for the State of Minnesota.

To accomplish this, the following steps will be taken:

- A review and approval of all site selection criteria used by agencies will be made by the Department of Administration to ensure consistencies, proper development, and execution of criteria prior to site selection.
- The Department of Administration will use as a key criteria the principle that state agencies and activities within an agency should be consolidated and co-located whenever possible unless an agency's operations, function, or future growth dictates an alternative.
- Agency program needs will be the most important issue in site selection.
- Locating agencies in registered historic sites and in vacant public buildings will continue only if program needs are met — if functions of the agency are maintained, if it is cost effective, and if full accessibility is possible.
- Prior to acceptance of any gift site for current or future needs, an analysis will be made to determine if the site is appropriate for an agency's program needs and to discover any "hidden" costs, including site pollutants, poor soil conditions, historical preservation requirements, or added utility costs.
- A master plan will be developed for each state-owned campus.
- Whenever two dissimilar types of user groups are to be located on one campus, an assessment will be made to verify that their programs do not negatively affect one another.
- The added costs of National Historic Registration will be included in any capital budget request.
- An improved capital budget process

will allow alternatives to leasing to acquire the use of space. The selection of which method is used will be based on an economic analysis and agency program requirements.

- The cost of housing state agencies, whether in state-owned or non-state-owned space, will be considered in the state's debt management policy.

- The Department of Finance will reexamine its debt management policies in relation to the Local Government Trust Fund and long-term commitments.

It is recommended to the legislature that:

- **A separate appropriation be made to carry out the key recommendation of the capital budget reform process — development of a strategic plan for locating state agencies in the Twin Cities metropolitan area.**

- **A master plan be developed and regularly updated for key projects in the Capitol Area.**

Rent policy. An equitable system of determining rent charges does not exist for buildings under the custodial control of Administration. Further, current rent rates are generally lower than those for comparable space in the private sector.

No consistent accounting for costs or procedures for spending exist in state agencies with custodial control of their buildings. Nor do guidelines exist to define the various types of asset preservation and to determine the funding sources for each type.

Space and building decisions have little impact on state agency operating budgets, because new or renovated space costs are covered by capital project budgets. Rental rates are the key space item paid for by operating budget funds, and they do not reflect actual costs in many cases.

It has been determined that:

- Rental rates in buildings controlled by the Department of Administration will be increased by the inclusion of interest on bonded funds and by a charge for accumulated depreciation that will accommodate the cost of periodic renovations and will establish a reserve for repairs and replacements.

- Consistent policies and procedures for tracking the cost of operating and maintaining buildings will be established for all agencies statewide.

- Guidelines will be developed for determining whether operating funds or bonded funds are needed for various capital improvements in maintenance, repair and replacement, or renovation of state-owned buildings.

- Rents charged for buildings under the custodial control of the Department of Administration will be adjusted to reflect the actual costs of building, operating, maintaining, and managing each facility — making them comparable with private-sector rental rates.

INTRODUCTION

Because of limited funds and expanding program needs, government entities nationwide have been struggling financially the past several years to provide for maintenance and care of their institutional buildings and infrastructures and to properly assess needs for new facilities.

The State of Minnesota has long recognized this need but has lacked a unified process to deal comprehensively with the many building program issues. Past legislatures have dealt with certain elements of a comprehensive program that recognized the need to continuously study and evaluate:

- the current and future requirements of state buildings
- the maintenance of existing buildings
- the rehabilitation and remodeling of older buildings
- the planning for administrative offices
- the exploring of methods of financing buildings and related costs.

A major constraint in developing a comprehensive facilities management system has been the lack of funds to underwrite a professional staff of adequate size to deal with such a large program.

Through advancing computer technology, however, a relatively small increase in staff could produce great dividends toward preserving this state's capital assets.

Two recent study reports — *The Governor's Task Force on State Buildings Final Report* (December 1990) and the *Report of the Joint Legislative Study on Capital Needs* (February 1991) — resulted in the 1991 Legislature funding several beginning steps to address capital planning.

First, the legislature requested that the commissioner of administration study and report to the legislature "on ways to make space and building decisions impact the operating budgets of the agencies that request capital projects, as a way to increase efficiency in the management of space" (Laws of 1991, Chapter 342, Section 22). In addition, it appropriated $350,000 to develop "a framework for an integrated infrastructure management system including the establishment of a data base of building classification standards" for state-owned or -occupied buildings (Laws of 1991, Chapter 345, Art. 1, Section 17). Procedures for capital budget requests were also amended, to provide better coordination for planning purposes (Laws of 1991, Chapter 342, Sec. 6).

This report includes recommendations that respond to Laws of 1991, Chapter 342, concerning capital project impacts on

operating budgets, and discusses activities undertaken in response to Laws of 1991, Chapter 345, which provided funds to integrate existing resources and produce a statewide capital asset management system.

This is the beginning of a long-term commitment to provide a framework for an integrated management system, including a comprehensive capital budget process. The cost and timing of this process will be addressed in the governor's 1992 capital budget.

Approach

The commissioner of administration formed a capital budget reform steering committee with the following members:

Department of Administration — Dennis Spalla, assistant commissioner for property management, steering committee chair; Wanda Hurtgen, management assistant, Property Management Bureau; Bruce Taber, director, Division of State Building Construction; Sally Grans, project manager, Division of State Building Construction; Beverly Kroiss, director, Division of Real Estate Management

Department of Finance — Peter Sausen, assistant commissioner; David Johnson, executive budget officer; Dale Nelson, team leader/capital budget coordinator

State Legislature — Paul Schweizer, House Appropriations analyst, and Peggy Ingison, Senate Finance analyst

Consultant — Larry Gleason, vice president, CPMI, Bloomington, Minn.

The steering committee reviewed statutes and created subcommittees to address categories of concern that arose during this research for capital budget reform. These categories were:

- debt forecasting and management
- capital project budgeting
- facilities data base
- site analysis and selection
- capital asset preservation
- rent policy
- alternate acquisition methods.

State agencies were surveyed for their views and for data on such topics as rent policy, capital budgeting processes, and existing data bases.

During the 12 steering committee and numerous subcommittee meetings, the group debated the definition of terms and assessed existing tools and methods through discussion and through use of state agency survey data.

Members of the committee and representatives of agencies participated in presentations of a new computer system with capabilities for project planning and budgeting.

Overview of the report

This report is divided into three major parts.

"Capital budgeting" discusses the goals and processes of budgeting for capital projects, the state building classification system, preservation of capital assets, and funding sources, including the new capital asset preservation and replacement account.

"Strategic planning" sets forth the proposal that a comprehensive strategic plan be established to coordinate the location of state facilities. It discusses factors to consider in site selection and financing, the types of buildings owned by the state, debt management in the capital budget process, and financing options.

"Rent policy" presents a discussion of the state's current configuration of custodial control of buildings and how rental rates are determined for buildings controlled by the Department of Administration.

The appendices include a glossary of terms used in this report and a map of the Capitol Area, a structure for the state building classification data base being created by the Department of Administration, a simulation showing the differences between the current and revised state building rent matrices, and a bibliography.

CAPITAL BUDGETING

The goals for capital project budgeting include development of:

- a method of determining facility need based on accepted standards
- a method of assessing the suitability and condition of existing capital assets
- a method of combining the above goals into a workable building program
- a determination of the impact on resources of all types to achieve the above goals
- a method of assessing the life cycle impact of capital budgeting decisions
- a way to maximize the control of the budgeting process while minimizing the effort required by the agencies to modify their processes.

The recommended reform measures will provide boundary conditions for agency requests while still allowing those agencies the freedom to adjust final requirements within those boundaries as their program needs dictate.

Facility budgeting incorporates the physical improvement concepts of new construction, plant adaption, plant renewal, and catch-up maintenance.

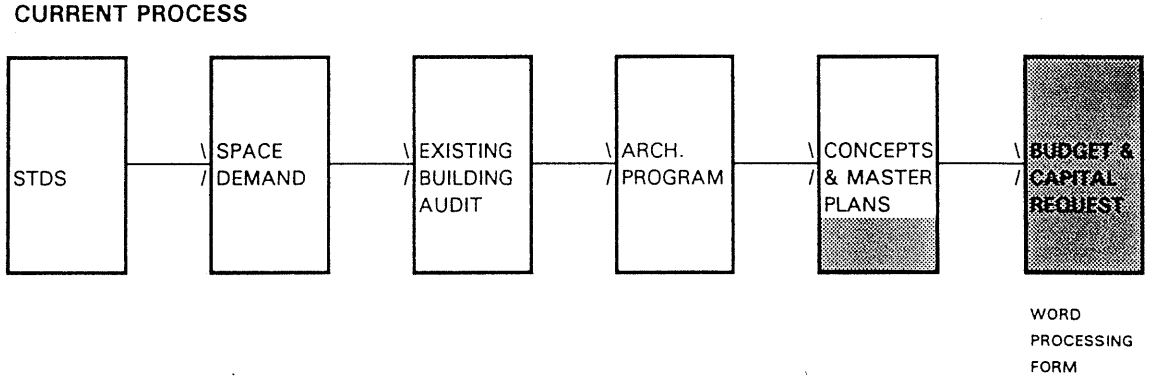
New construction and plant adaption relate to physical improvements to meet program demands and the demands placed on buildings by changing codes. These improvements are considered under the capital budgeting process.

Plant renewal and catch-up maintenance refer to maintaining a building for its current use. Plant renewal is a systematic plan and budget for preventing the deterioration of a building. Catch-up maintenance refers to maintenance that should have occurred but for various reasons has not, resulting in deterioration and other problems within the existing building operation. Plant renewal and catch-up maintenance are further discussed in the capital asset preservation section on Page 16.

In order of ease in estimating cost, catch-up maintenance is easiest because it deals with an existing condition. Plant renewal is more difficult but its cost can be formulated based on building subsystem life cycles. Plant adaption is the hardest because it is the most unpredictable, and cost histories are often mixed in with renewal projects. If plant adaption costs are part of the capital budgeting process, each particular problem can be estimated based on a design solution rather than by formula.

Fig. 1. Budgeting checkpoints

SHADED AREAS REPRESENT ADMINISTRATION/FINANCE REVIEW.
UNSHADED AREAS ARE IMPLEMENTED BY STATE AGENCIES AND INSTITUTIONS WITHOUT REVIEW.



Process steps

The steps leading up to the presentation of a capital budget request vary widely among agencies because the only control applied to the process is the use of a standardized form containing required project data. The data on the form is given executive and legislative review only after it is presented; no intermediate guidelines or checkpoints exist to verify compatibility with any standards.

The current and proposed budgeting paths are diagrammed in Figure 1. Control checkpoints are shaded. In order to implement the proposed process, the

Division of State Building Construction has purchased the SARA system. SARA is a computerized facility development system designed to help create and track a project from concept to occupancy. It allows new project information to be input and manipulated or can refer to a data base including 25 years of collective architectural and engineering experience for a wide range of projects.

The state will also expand the use of computer-aided design (CAD) to maintain building plans and attributes in computer media for analysis and reproduction. Attributes of a graphic computer data base will eventually be directly tied to the operating data maintained for each building.

The SARA software provides opportunities for auditing the budgeting process at various stages of the project's scope development. Even at the earliest stage, data on space and building plans can be compared against state standards.

The SARA system also provides a tool for those agencies with capital improvement projects that warrant maintaining skilled facility management staff. Direct input at this level will reduce involvement by the Divison of State Building Construction at periodic review points and in managing the facilities data base. The division will coordinate the input of project data from agencies with access to satellite SARA stations and directly input data from other agencies.

In addition to its capabilities as a budgeting tool, the extensive SARA data base provides a credible benchmark for building standards and costs. These benchmarks are adjusted for building types and regional differences.

The departments of Administration and Finance will develop a budgeting manual documenting the minimum data required for project review. The objective will be to receive reliable data compatible with the SARA system's input with the least amount of effort on the part of the agency.

The link between long-term project budgeting and asset preservation is the early assessment of life cycle costs. By collecting building system data, the division will be able to evaluate life cycle costs while reviewing requests. Again, the agencies with access to SARA stations will be able to run their own analyses.

Budgeting approaches

Two general approaches exist to capital budgeting: one with separate appropriations for design and construction phases, the other with a single appropriation for both phases. The steps in the first approach, which the state uses now for most projects, include:

- developing preliminary plans using numerical analysis for space requirements and standards for quality
- budgeting and requesting funds for programming and design services
- budgeting and requesting funds for construction.

The second approach is being used but has not always produced predictable results in

cost management. Reform measures and use of the SARA system will allow more control of this approach. The steps in the second approach include:

- developing preliminary plans using numerical analysis for space requirements and standards for quality
- funding programming and architectural master planning through the agencies, or providing the service through the Division of State Building Construction
- budgeting for design and construction
- requesting funds for design and construction.

Regardless of the approach, two elements are critical to successful capital budgeting. First, in all phases of the process and at each checkpoint, it should be asked, How will this meet the needs of the agencies? Second, a capital budgeting process should include:

Statement of need — state long-range strategic plan, institution/agency long-range strategic plan, trends, forecasts, demographics, space standards, preliminary space model.

Resource inventory — current available space, current space efficiency, current building condition.

Building program — net assignable space need, building efficiency, gross space need, room-by-room listings, relationships/work flow, construction quality standards, site conditions.

Concept development — configuration diagrams, building location, building type classification, campus master plans, remodel vs. new construction, design/construction assumptions, project phasing, project schedule, ownership options.

Concept evaluation — priority ranking, need satisfaction, capital cost (building/non-building), life cycle cost.

Funding development — request composition/presentation, administrative review, finance review/prioritization, governor's budget, legislative review.

Building classification

The statutes of Minnesota currently call for the departments of Administration and Finance to (1) establish a state building classification system for state-owned buildings, with each class representing a different quality of building construction, to be incorporated into the capital budget format and instructions; and (2) create and maintain an inventory of all major state buildings and office space owned or leased by the state, including a classification system on the condition and suitability of each major building.

Building audits and classifications will also support space and energy management and help prevent building deterioration through anticipatory budgeting of renewal improvements. In fact, a data base encompassing building construction, age,

use, size, configuration, suitability, and condition is fundamental to all aspects of development and management of facilities.

To develop a data base that has enough data to be useful obviously requires a significant effort. If the data must be developed in a short time, the development cost will be very high. Costs may be kept low, but it would take considerable time to develop the data, and its usefulness may be compromised by the delay.

Much of the data regarding the building type, use, size, and age is already available in various forms either through the Division of State Building Construction or the various user agencies and institutions. The difficult data to collect and maintain is that related to the condition of the building subsystems. Records of recent building improvements can provide some of the required data, but most of the state facilities will involve on-site inspections in order to establish the condition of the systems.

For a cost-effective implementation of a statewide facilities data base, a prioritized approach should be undertaken. Those existing buildings being considered for capital budget requests, for example, can be surveyed as part of the process. In addition, day-to-day maintenance staff procedures should include steps to report unusual building conditions.

Building subsystems have different life cycles. Implementation of a facilities data base showing the condition of building subsystems will therefore be a phased process. The physical condition factors can be updated on a six-year cycle. According to a life cycle schedule, the state would examine different building subsystems annually. For example, in 1995, the condition surveyors may look at the mechanical system of Building A and the roof of Building B, and will not examine Building C at all because none of its building subsystems are near the end of their effective life.

A structure for the data base is included in Appendix 2, along with a sample of the new system data base entry forms.

Administration is currently meeting with agencies to survey the status of data bases and to develop appropriate procedures for their management. Centralized data base management is necessary to achieve uniformity.

The final structure will be designed to be compatible with direct input to the SARA facility development software currently in place.

The cost and timing of this process will be addressed in the governor's 1992 capital budget.

Capital asset preservation

It is imperative that the state's capital assets be properly preserved and maintained. They represent an investment of billions of taxpayer dollars and provide proper living, working, and educational environments for the varied needs of its citizens.

An orderly funding strategy for asset preservation must be developed. This involves identifying funding sources that maintain, renew, and preserve the assets, and that can accommodate program change.

Asset preservation is dependent on the sum of its parts — routine maintenance, plant renewal, and plant adaption activities. When routine maintenance is deferred, accelerated deterioration results, providing need for catch-up maintenance. Plant adaption activities can be categorized as either a use change or a standards change. Principles and guidelines exist determining the proper source of funding for each type of project.

An often neglected part of the preservation process is an orderly system to analyze and evaluate the building's physical condition and to determine how well the facility serves the institution's program mission. One function of the evaluation process is to measure the quality of a building's component systems and their supporting infrastructure to determine their state of erosion and what may be required to restore the systems to sound condition, and to adapt building space to meet changing program and technological needs measured against space utilization standards.

Another function of facility analysis and evaluation is to consider the use of existing facilities when planning to accommodate an institution's changing program needs.

The ideal process begins with development of a complete statewide building inventory data base of capital assets and a classification system of each property analyzing all building components for physical quality, program utility, and code compliance. Physical quality includes durability of materials, current condition of building systems and efficiency of both materials and systems for maintenance and energy. Program utility includes suitability of systems to support anticipated populations and functions, adequacy of space, optimization of staffing requirements and, in some cases, appropriate physical appearance.

A classification system should also include cost estimates to upgrade depreciated conditions, should establish criteria to assist decisions of whether to repair or replace, and should prioritize deficiencies for correction over time based on available funding. The prioritized items should be categorized according to the magnitude of the project size and cost. The category of the project determines whether the funding should come from operating budgets or capital financing.

Capital financing must be reserved for new construction, substantial adaptive remodeling, expansion, or improvements that are long term and not predictable or recurring.

Funding for routine maintenance, which includes custodial services and maintenance to keep systems operational, should be funded from operations budgets and represent expenditures over a period of weeks or months, rather than years.

Plant renewal (repair and replacement) of a building's subsystems to keep it in good operating condition may be funded over a period of years from general funds or from borrowing through general obligation bonds, depending on the size, scope, and projected life of the project.

Funding sources

Funding for capital asset preservation has historically come from either the operating budget or the capital budget.

The degrees of asset preservation are shown in the chart below, indicating a progression of need and a corresponding increase in cost. Without proper funding in any one level, the asset deteriorates and more funding is needed at the next level.

Asset preservation levels

OPERATING BUDGET		CAPITAL BUDGET	
Routine maintenance account	→ Repair and replacement account	→ CAPRA: asset preservation account	→ Capital budget: project accounts

The operating budget has been the source of funding for two asset preservation accounts — routine maintenance and repair and replacement.

Routine maintenance account. This covers the routine upkeep and maintenance of the facility. These items, which generally can be handled by available staff, do not involve repair or replacement, and include maintaining equipment (changing filters, cleaning, general upkeep) and regular cleaning with periodic special upkeep (floor and window washing).

Spending priority is determined by agency management, based on experience.

Repair and replacement account. This has typically covered predictable, recurring expenditures for general maintenance not covered by routine maintenance, such as minor roof repair, tuckpointing, caulking, and resurfacing of parking lots. It should not involve program improvements, expansion or new construction. As with routine maintenance, expenditure priorities are determined by the agency.

The capital budget has been the source of funding for CAPRA and all other capital budget projects.

Capital asset preservation and replacement account (CAPRA). With the establishment of this account, the legislature was relieved of the obligation to prioritize and fund non-program-related physical plant deficiencies. The Department of Administration allocates these funds, based on the priority of need.

Of the 29 projects' total costs to date, 20 percent were for life safety issues (for example, smoke detection, new stairways, and fire systems), 17 percent for mechanical systems (sewer system repair), 17 percent for protecting the exterior envelope of the building (window replacement, structural slab repair or tuckpointing), and 44 percent for replacing roofs. Amounts ranged from $8,000 to $180,000, with an

CAPRA allocation

Original amount requested from legislation	**$15,000,000**
Amount requested from agencies (8 of 13 responding)	**$11,931,640**
Amount actually appropriated	**$2,500,000**
Amount allocated as of Dec. 31, 1991	**$1,958,250**

Of the remaining $541,750, approximately $500,000 is being reserved for emergencies.

average request of $60,000. Evaluation often required additional information from the individual agency, and on-site inspections were sometimes required to verify actual conditions.

Capital budget project accounts. This is the normal way to fund facility expansion or improvements. The legislature determines the funding level for each capital project. Nonrecurring in nature, a capital budget expenditure extends the life or enhances the value of a facility, and is project specific. Examples include new construction, remodeling, demolition, purchase of land, and substantial roof or window replacement.

Determinations - capital budgeting

The Department of Administration will take the following steps to improve the process:

1. The SARA software will be used by the Division of State Building Construction to monitor the budgeting process at various stages of a project's scope development.

2. The state will also expand the use of computer-aided design to maintain building plans and attributes in computer media for analysis and reproduction.

3. The departments of Administration and Finance will develop a budgeting manual documenting the minimum data required for project review.

4. Much of the data regarding the building type, use, size, and age is already available in various forms either through the Division of State Building Construction or the various user agencies and institutions but needs to be entered into the SARA system.

5. An inventory of the condition and suitability of all buildings will be an ongoing prioritized process. The initial inventory will be taken over six years, with updates made each biennium.

Recommendations

1. Funds should be appropriated to implement the recommendations of capital budget reform. In order to utilize the assets the Department of Administration already has, the department should be allowed to carry over the balance ($314,000) of the 1991 appropriation ($350,000). This would provide the funds necessary to continue expanding the use of the SARA software system, expand the use of computer-aided design, and conclude the inventory of building classification already under way.

Although the current CAPRA system works well, it would be strengthened by two fundamental changes.

2. Funding should be increased for CAPRA to fulfill the stated legislative intent of asset preservation.

Many specific capital asset preservation requests were not dealt with in 1991 due to the limited funding available.

CAPRA should continue to be the key methodology for dealing with asset preservation issues until other financing mechanisms are developed. It is hoped that, ultimately, appropriations will be increased to agencies for full and adequate preservation of assets. Until that occurs, however, assets fall into disrepair, and increased dollars to CAPRA for the next few years will act as a catch-up mechanism to stabilize existing resources.

Conceptually, once assets are stabilized for all agencies, then the use for CAPRA would be only for unforeseen emergencies. Discussion has suggested, however, that the ongoing use of CAPRA would allow for a centralized comparison and priority-ranking decision-making process. With either scenario, the existing need is greater than the current level of funding.

3. The four higher education systems currently excluded from CAPRA because they have their own emergency and preservation accounts eventually should be included in CAPRA.

The current lack of a higher education data base precludes combining higher education building data with all other state agency data.

When a comprehensive data base is operational, then CAPRA should be considered as a single asset preservation funding source. At a minimum, the higher education systems should begin now to inventory and classify their buildings in a form compatible with the data base building classification inventory system being created by the Department of Administration.

STRATEGIC PLANNING

The state needs to coordinate the location of facilities in a comprehensive strategic plan.

Agencies that place buildings in campus-like settings — treatment centers, correctional facilities, and higher education buildings, for example — need a double set of planning guidelines that adhere to:

- a statewide plan for locating major facilities and campuses in relation to the needs of constituents
- a master plan for each campus setting to maximize the site potential and to continue to meet the needs of patients, inmates, students, visitors, and staff.

As part of the planning for long-range office and laboratory space needs of state agencies, a strategic plan is needed for the Twin Cities metropolitan area.

Within the St. Paul section of such a plan, there should be a refocus on locating state agencies within the Capitol Area, coupled with a travel management plan that provides a set of criteria for parking structures to serve the future needs of employees and the public.

The process of strategic planning for the space needs of state agencies will be addressed in the governor's FY 1992 capital budget recommendations. Once adopted, the plan would become a living guide to future capital budget requests for many of the state agencies seeking office and laboratory space, for parking and access projects, and for the preservation of the state's existing monumental buildings.

Locations for new state buildings must be identified, the space needs of agencies should be anticipated, and a synergistic array of alternatives must be mapped out for future implementation. As circumstances and needs change, the Department of Administration can present one or more of the alternatives to agencies for approval and then to the legislature for funding.

The strategic plan's primary strength lies in its flexibility to adapt to the needs of the agencies, while being able to apply the most appropriate means of acquisition (financing).

Factors to consider

Several factors need to be considered when selecting a site and when deciding whether to lease, build, purchase, or lease/purchase space for state government use. The importance of each factor depends on individual agency needs and the particular circumstances. The most important factors are discussed in this section. Although all factors must be considered in the decision-making process, some must be regarded as minimum requirements.

1. Agency program needs — Any facility selected for state occupancy must meet agency program needs and must be free of health risks.

2. Location — Location often is the key determining factor in space decisions. Some agencies need to be located in the Capitol Area, some need to be close to the Capitol, others need to be near their customers, and still others may prefer to be located elsewhere in the metropolitan area.

3. Lowest life cycle costs — The long-term cost of alternatives should be estimated each time the state faces a decision to lease, build, or buy. It is important to recognize that the state's decisions to enter into short-term leases often end up as long-term commitments because of the difficulty of moving large agencies from one location to another. It is also important to include all costs and benefits when making a supportable cost analysis.

4. Consolidation of agency — This is a strategy for providing space that allows agency operations to be consolidated for improved operational efficiency.

5. Co-location with other agencies — Operational efficiencies can be achieved if the state co-locates agencies that have frequent interactions or that can share resources. Further, co-location may provide customer service benefits.

6. Parking needs — Customer and employee parking is an important consideration when space decisions are made. Availability of parking and other transportation considerations must be addressed when an agency chooses a location.

7. Quality of space — When comparing choices, it must be recognized that there may be significant differences in the quality of the space that would be provided. The quality and quantity of work space provided for employees affect the productivity and morale of employees.

8. Energy efficiency — The energy efficiency of buildings owned or used by the state is an important factor to consider. Not only does the state save money by being energy efficient, energy efficiency has positive environmental impacts and establishes the state's leadership to other sectors of the economy.

9. State control over facility — If the state has ownership rights in a building, it will have greater control over costs and future availability of the space for state use.

10. Equity build-up — The analysis of

alternatives for providing office space should account for the long-term benefit to taxpayers from owning space. Ownership reduces occupancy cost and allows any increase in building value to accrue to the benefit of the state instead of to the building's owners.

11. Flexibility to expand or contract — State agency responsibilities and operations change over time, which may translate into changes in the amount of space needed to perform functions.

12. Additional factors — Additional factors that should be considered in space selection include enhancing the character of the Capitol Area; having flexibility to move out of space that no longer meets state needs; minimizing moving costs; making space available quickly; custom designing space to meet agency needs; support of St. Paul as the "Capital City"; and state bonding capacity.

All these factors must be considered to a certain extent when choosing space for a state agency. It is clear that when considering these factors, the decision is not simply a build, lease, or purchase decision. Rather, several decisions must be made simultaneously, depending on the particular circumstances of the agency needs and the state's available resources. Questions relating to location, proximity to other agencies, available funding, specific agency needs, and quality of space are interrelated. The complex nature of these questions indicates that a long-range planning approach is needed.

Site selection

Three types of buildings belong to the State of Minnesota:

- **Stand-alone buildings**, which are structures not located on a campus
- **Buildings in a campus setting**, for example, those belonging to the Department of Human Services, the Department of Corrections, the Community College System, and the Department of Natural Resources
- **Buildings in the Capitol Area**, which are under the zoning jurisdiction of the Capitol Area Architectural and Planning Board.

Within each of these major groups is a variety of site criteria and procedures.

Stand-alone buildings — Agencies often create their own planning criteria, which may or may not be reviewed by the Department of Administration prior to site selection. No mechanism exists for review of site selection criteria used by an agency.

Policy administered by the Department of Administration has promoted consolidation and co-location of state agencies whenever program needs permit.

State law sets forth private-property-leasing criteria for state agencies: "No agency may initiate or renew a lease for space for its own use in a private building unless the commissioner has thoroughly investigated presently vacant space in

public buildings, such as closed school buildings, and found that none is available'' (M.S. 16B.24, Subd. 6(b)) and ''For needs beyond those which can be accommodated in state-owned buildings, the commissioner shall acquire and utilize space in suitable buildings of historical, architectural, or cultural significance for the purposes of this subdivision unless use of that space is not feasible, prudent or cost effective compared with available alternatives. Buildings are of historical, architectural or cultural significance if they are listed on the national register of historic places, designated by a state or county historical society, or designated by a municipal preservation commission'' (M.S. 16B.24, Subd. 6(c)).

Periodically, sites are donated to the state.

Determinations - stand-alone buildings

Several adjustments to the present system will be made:

1. The Department of Administration will review and approve all site selection criteria used by other agencies to ensure consistencies, proper development, and execution of criteria prior to site selection.

2. The Department of Administration will use as a key criteria the policy that state agencies should be consolidated and co-located whenever possible unless an agency's operations, function, or future growth dictates an alternative.

3. Agency program needs will be the most important issue in site selection.

4. Locating agencies in registered historic sites and in vacant public buildings will continue to the extent that all reasonable program needs are met — if functions of the agency are maintained, if it is cost effective, and if full accessibility is possible.

5. Prior to acceptance of any gift site for current or future needs, an analysis will be made to determine if the site is appropriate for an agency's program requirements and to discover any ''hidden'' costs, for example, site pollutants, poor soil conditions, or additional utility costs.

Buildings on a campus — Master plans are used by some state agencies, such as the Community College System. These plans project building costs based on actual program requirements. Master planning provides for a direct response to individual campus growth and guides the legislature in prioritizing capital requests.

Due to existing land and building availability, two dissimilar types of user groups from one agency may be placed on one campus; for example, some agencies have units attracting large numbers of public visitors as well as units requiring intensive security. Because master planning techniques — locating individual buildings, formulating campus site development, or comprehensively planning an agency's functions in relationship to location on a statewide basis — are not

always applied, diverse functions are not reviewed for the overall impact on an individual building and its campus.

Some campuses are on the National Historic Register, which restricts site selection for new buildings and can affect program efficiency, increase costs, and limit development.

Determinations - buildings on a campus

1. A master plan will be developed for all state-owned campuses.

Master plans allow for more efficient phasing and integration of agency goals with statewide priorities and budgets.

2. Whenever two dissimilar types of user groups are to be located on one campus, an assessment will be made to verify that their programs do not negatively affect one another.

This will not necessarily preclude combining two divergent uses on one campus, but the assessment will then note the negative impact areas so that site or building design can mitigate those differences.

3. The added costs associated with National Historic Registration will be included in any capital budget request.

Capitol Area buildings — The Capitol Area Architectural and Planning Board must review preliminary plans of any public body considering a Capitol Area project before capital improvement plans or capital budget proposals are made. The board must review the plan, at the agency's expense, and report to the governor and the legislature on the plan's impact on the Capitol Area and its compatibility with the area's comprehensive plan (Laws of 1991, Chapter 342, Sec. 6, Subd. 3).

The commissioner of administration must also consult with the board regarding building sites and design standards when preparing capital budget requests affecting the Capitol Area. Additional funds are included in capital budget requests to implement this statutory requirement.

Cass Gilbert's master plan of 1903, as he amended it in 1932, is still used by the Capitol Area Architectural and Planning Board in its efforts to maintain the design integrity of the Capitol Area. The board has authored a number of reports on site criteria issues and analysis, covering such issues as building shape, size, mass, and height restrictions.

Recommendation

1. The Department of Administration should develop a strategic plan for locating state agencies in the metropolitan area. Operating funds should be appropriated to develop the plan, including the cost of staff to develop options and to conduct financial analysis of those options. Capital budget funds should be appropriated to implement the plan. This would include two components in the Capitol Area:

- **The Department of Administration would formulate a plan to acquire target sites as prudent investments for future growth and development to meet state agency needs.**

- **The department would prepare and regularly update a master plan for the development and use of the Capitol Area, with input from the Capitol Area Architectural and Planning Board. This would include a travel management plan to guide the location of parking facilities.**

Implementation of the strategic plan should include the following:

a. an analysis of the most effective method of acquisition

b. an analysis of the appropriateness of purchasing existing buildings that the state leases

c. an analysis of parcels of land that may be purchased as future state building sites

d. a supportable cost analysis to ensure that the proposed financing option is the best available choice

e. additional elements, including formulation of goals; general location of agencies, for example, Capitol Area, second campus, downtown, or a combination; location of specific agencies on identified campuses; identification of individual agency facility needs; breakdown of overall state agency needs into distinct projects; prioritization of proposed projects; cost estimates of individual projects; and the proposed financing option for each project.

Debt management

The major constraints to acquiring locations inherent in the capital budget process are the debt management policy guidelines. After the needs of an agency have been determined and matched with existing or proposed buildings, each capital budget request must be reviewed in relation to the guidelines and to the state's overall borrowing capacity.

Minnesota first adopted a formal debt management policy as part of the governor's 1979 capital budget. The policy is self imposed and is not included in state law. The goals of the policy are:

- To regain the state's AAA credit rating
- To minimize borrowing costs
- To provide a reasonable financing capacity within a prudent debt limit.

In order to attain the debt management policy, three concurrent guidelines have been established:

1. The appropriations for general obligation debt service are limited to 3 percent of general fund non-dedicated revenues;

2. total general obligation debt is limited to 2.5 percent of the total personal income of the state; and

3. total debt of state agencies, state public corporations, and the University of Minnesota is limited to 3.5 percent of the personal income of the state.

The first guideline has been the most constraining on state policymakers. The amount of new bonding capacity is dependent on the amount of the debt service appropriation that is available to pay debt service on new bonds sold. The governor and legislature have honored the 3 percent debt service guideline as the upper limit for debt service appropriations.

Determinations

1. The definition of the general fund for the purposes of the 3 percent debt management guideline will be changed to include the revenue dedicated to the Local Government Trust Fund.

The 1991 Legislature created the Local Government Trust Fund, from which local government aids are paid. A portion of the revenues from the state's sales tax and the motor vehicle excise tax is dedicated to this fund. These are revenues that previously were deposited into the general fund. The trust fund revenues for the 1992-93 biennium are estimated at $1.5 billion.

The legislature's creation of the Local Government Trust Fund did not change the control of the fund's revenue, which remains with the legislature. In effect, the creation of the trust fund was an accounting change for local government aid payments. The legislature could, at any time, eliminate this fund and recombine it with the general fund, and could readily consider it part of the general fund for purposes of calculating the debt limit.

2. An additional debt management guideline will be established to recognize long-term state commitments in addition to the general obligation debt of the state. The risk associated with each commitment will be identified, and the guideline will be structured so that commitments with greater risk are given more weight.

These other long-term state commitments and obligations include extended building leases, bond guarantees, "moral obligation" bonds, and other revenue bonds, with each type containing a different degree of risk to the state.

Financing options

Through the capital budget process, state government initiates a process to build or purchase items that are "capital in nature" and pays for them by borrowing money through the issuance of bonds. The state

has used leasing as an alternative to this traditional approach to acquire assets for government purposes. Office space is often leased. In St. Paul, the state leases approximately 2 million square feet of office space (representing approximately 60 percent of the total space occupied by the state in St. Paul).

In some cases, leasing of existing privately owned office space in strategic locations may uniquely meet agency needs. In other cases, leasing may be used to avoid having to resort to more limited capital budget funds. In either case, leasing carries much the same impact on both cases, the state is committed to making fixed payments for the duration of the state's building occupancy.

Leasing is in essence a financing mechanism to acquire the use of facilities. This means that leasing expenses and debt service payments, which are determined in the capital budget, are direct substitutes for one another.

Another alternative is to lease with an option to purchase. The four alternative ways of acquiring space, then, are to:

- **lease office space** in existing, new, or renovated buildings
- **construct** new buildings, with construction funds from the sale of bonds
- **purchase** existing buildings, also financed through the sale of bonds
- enter into **lease/purchase** agreements, whereby office space is leased but ownership transfers to the state at the end of the lease period. This alternative was approved by the legislature in 1991 and has not yet been used in any lease transaction.

Leasing office space

Leasing office space does not require a state bond issue. If leasing is used, the financing is arranged by the owner and the state pays monthly rent. In this event, the state incurs an annual cost, but the decision is not made in the context of the capital budget. Nevertheless, lease payments are fixed obligations of state government because the state has a long-term commitment to house the three branches of government. Unlike debt, however, lease payments can be discontinued and the lease terminated in the event the legislature does not appropriate funds.

If the Department of Administration is unable to gain bonding capacity to finance the construction of new or purchase of existing office buildings, leasing of office space must be relied on to provide space. Nevertheless, there are circumstances where leasing office space is the preferred option regardless of the availability of bond funds for construction or purchase. Leasing is appropriate when state agencies need office space quickly and state-owned space is not available; when the leased space uniquely meets the needs of state agencies; when the leased space is available at a significantly lower cost than that in newly constructed, state-owned space; or when leased space is needed to give the

state flexibility to down-size, relocate without having to sell a building, or occupy space for short-term or transitional periods.

Building office space

Building new office space for state government can offer several advantages over leasing. Constructing standard quality office space is the lowest long-term cost option for acquiring the use of office space of equivalent quality, with the possible exception of purchasing an existing building.

State-owned space is economical because the state has a relatively lower cost of capital than have private developers, pays no property taxes, enjoys low vacancy rates in its buildings, and requires no profit margin. This option also allows the state to select the design and location of new facilities as part of a coordinated, long-term plan.

State-owned space allows the state to benefit from any increased equity in the buildings. Owning its space gives the state more control over its facilities; the state cannot be forced to move out of a building it owns and faces no rental rate increase.

Additional reasons may exist for the state to own space designed specifically for state government use, such as the Capitol Building, the State Office Building, the History Center, and the Judicial Center. These buildings would have significantly lower value for any alternative use. This type of monumental, ceremonial, or limited-use space is typically not available in the rental market for government use.

Purchasing office space

The purchase of existing buildings may be the most economical option for acquiring office space, according to a report by the Department of Administration, *State Office Space: Options and Cost* (December 1988). For an existing building to be suitable for purchase, it must meet an agency's program needs and be structurally and mechanically sound, free of significant life safety and environmental problems, and available at a favorable price, taking into consideration any needed renovation. As with any other acquisition alternative, factors such as location and parking availability have to be considered.

Lease/purchasing office space

Lease/purchase is a financing mechanism that can now be used to obtain most of the benefits described in the building and purchasing options above. When capital budget funds are inadequate for purchase or construction, lease/purchase offers several advantages over merely leasing. In the short run, lease/purchase can be expected to be less expensive than leasing because the lease purchase financing can be sold on a tax-exempt basis. This financing could be issued at approximately three percentage points below the conventional financing rate. For a new $30 million, 300,000-square-foot building, this factor alone would save slightly more than $2 per square foot in rent annually.

Lease/purchase will result in eventual state ownership of the property, providing both financial and operating benefits. After

20 to 30 years of straight leasing, the state would otherwise have no equity value accrued in the building. The state would have paid for rent and capital improvements through the lease rates, but the increased building value would have been captured by the building's owners.

Under lease/purchase, however, the state may or may not have to pay property taxes, directly or indirectly, through an increment of the rent. This factor could cause lease/purchase to be significantly more expensive overall to state government than issuing bonds for immediate ownership.

Determinations - financing options

1. An improved capital budget process will fully consider alternatives to leasing to acquire the use of space. The selection of which method is used will be based on an economic analysis and agency program requirements.

The state has relied heavily on leasing of space. In many cases, space was leased because there were no other alternatives for acquiring the space except bonding, and other items in the capital budget had higher priority.

2. The cost of housing state agencies, whether in state-owned or non-state-owned space, will be considered in the state's debt management policy guidelines.

This will ensure that the decision of whether to lease or own space is made on an economic basis.

RENT POLICY

Currently, custody of state-owned buildings is vested either in the Department of Administration or in other state agencies.

In buildings under the custodial control of the Department of Administration, space is internally leased to other state agencies; in buildings under the custodial control of other state agencies — the departments of Natural Resources, Transportation, Human Services, and Corrections, for example — the space is used for those agencies' programs.

The rent matrix used to establish rental rates in buildings under the custodial control of the Department of Administration includes such factors as:

- operating costs (maintenance, utilities, groundskeeping, security)
- statewide indirect costs (Department of Finance assessment for general fund services that are used by agencies, such as central mail and real estate services)
- building depreciation
- equipment depreciation
- bond interest, but not including all bonded funds
- overhead (Plant Management Division costs)
- a vacancy factor for buildings where major vacancies are anticipated.

The rent matrix does not now include the cost for replacements and major repairs or for interest on bonded funds used for building renovations.

Rent adjustments

In the private sector, rent charges are based on factors similar to those used in the public sector — location, operating expenses, finance costs, amortization, maintenance, interest expense, management, and tenant improvement costs. Other major private-sector rent factors include owner's profit and taxes.

In the case of state-owned buildings, there are no real estate taxes (except certain assessments) and no profit margin. The Department of Finance amortizes the bonds used to finance capital projects over the 20-year life of the bonds, but the Department of Administration charges a rent factor labeled "depreciation" on a much longer time span — 45 to 75 years

for most office and standard operating facilities, and up to 125 years for monumental buildings such as the History Center and the Judicial Center.

The lower interest rate enjoyed by virtue of state bond financing is a distinct benefit to the agencies in lowering their rent; clearly, the agencies also benefit when the principal on the bonds is factored into rent over a much longer period than the term of conventional mortgages in the private sector. Coupled with the tax exemption, these factors make the rental of space in state buildings extremely competitive with market rates.

Adjustments in state rent charges to more accurately reflect the full cost of doing business would ultimately affect the operating budgets of state agencies and provide incentive for more efficient management of space.

Charging a rental rate that includes the true cost of building, operating, maintaining, and managing each facility would allow an agency's operating budget to directly reflect the quality, location, size, and upkeep of the space it occupies. The cost of each facility would then be passed through to the agency deriving the direct benefit of its use. This approach over time would require agencies to make more disciplined decisions on the use of space.

This process of comparing public and private rental rates could apply to facilities owned by the state or by others. Whenever an agency plans to locate, relocate, expand, or materially alter its space, the agency would work with the Department of Administration in first determining its needs based on program requirements. These needs would then be converted into rental costs in available state-owned facilities and compared against market rates in privately-owned facilities.

This comparison should include a ranking of preferred locations on a financial basis when matched with the intangible criteria — such as location, access, quality of space, co-location and consolidation efficiencies, safety, security, air quality, accessibility to the public, and parking.

Determinations - rent policy

Several adjustments to the present system will be made by the Department of Administration.

1. In order to recover the total cost of operating, maintaining, and improving buildings under the custodial control of the Department of Administration and to provide consistency, the following items will be added to the current rent matrix for establishing rental rates:

- **interest on all bonded funds for a building whether the funds are used for initial construction or for subsequent renovation.**

- **an amount that reflects the amortization over the useful life of a building of all bonded and operating funds used to construct and renovate the building. This amount, called "depreciation" in the current rent structure, has not included operating funds used for renovations and in**

some cases has not included bonded funds used for renovations.

- **an amount for repairs and replacements not considered daily maintenance items under the current rent structure. These funds will be pooled and used to maintain and extend the useful life of all internally leased buildings. It will eliminate the need to bond or request operating funds for such items once a sufficient pool has been established.**

Appendix 3 shows a simulation illustrating the impact of including interest on all bonded funds and depreciation. The proposed rent matrix shown in the appendix does not include the pool of funds needed to maintain the life of the building.

2. Consistent statewide policies and procedures for tracking building costs will be established for all state agencies.

State agencies whose buildings are under their custodial control were surveyed to determine how they track costs for operating and maintaining those buildings, if and how building costs are allocated to determine total program costs, and how they obtain funds for building repairs, replacements, remodeling, and renovations.

Responses showed lack of consistency among agencies in accounting for and allocating funds. Some agencies have a process for allocating costs, and others do not allocate costs at all.

3. Rents charged for buildings under the custodial control of the Department of Administration will be adjusted to reflect the actual costs of building, operating, maintaining, and managing each facility — making them comparable with private-sector rental rates.

APPENDICES

1. GLOSSARY

NOTE: Many of these definitions have been taken in whole or in part from *Financial Planning Guidelines for Facility Renewal and Adaption*, The Society of College and University Planning, Ann Arbor, Mich., December 1989.

Alteration and renovation Work that is required because of a change in the use of the facility or a change in program.

Building subsystems A set of building components that collectively constitute the entire building. Each subsystem has a definable useful life, and the cost and performance information can be determined. Examples of building subsystems include foundations and major vertical, floor, and roof structures; roofing; exterior cladding; interior partitions; interior finishes; elevators; plumbing; HVAC-moving; HVAC-static; electrical-moving; electrical-static; fire protection; and special equipment.

Capitol Area The property in the vicinity of the Capitol Building, as indicated on the map at the end of this glossary.

Catch-up maintenance The backlog of maintenance projects not included in the maintenance process because of a perceived lower priority status than for those funded within available funding. (This concept is identical to "deferred maintenance" and to "accumulated deferred maintenance"; it is referred to as "catch-up maintenance" to emphasize the need to undertake these projects in the near term to restore the property to serviceable condition.)

Construction cost The cost of materials, fixed equipment, and wages of workers participating in the construction of the project, as well as any overhead, profit, and other fees associated with construction. Other terms often heard used interchangeably with "construction cost" are "hard costs" and "building costs." These costs do not include such things as administration, movable fixtures, furnishings and equipment, or professional design fees. (See also **project cost**).

Data base The collection of facility information in a computerized format representing building types, conditions, and use. This report considers two data bases — a statewide facility data base including all Minnesota facilities administered by the state or its agencies and the SARA data base, a collection of historic and new facility data.

Deferred maintenance Maintenance projects not included in the maintenance

process because of a perceived lower priority status than for those funded within available funding. Deferred maintenance comprises two categories of unfunded maintenance: one type does not cause further deterioration of the facility; the other results in progressive deterioration.

Life cycle cost analysis Any technique that allows assessment of a given solution or choice among alternative solutions on the basis of all relevant economic consequences over the useful life of the asset.

Master plan In the architectural or urban planning context, a master plan represents the long-term result of a series of phases. In addition to site requirements, a master plan may also include quality standards for the buildings to be developed. (See also **strategic plan.**)

Plant adaption Expenditures required to adapt the physical plant as necessary to the evolving needs of the institution (''use change expenditures'') and to changing standards (''standards change expenditures''). These expenditures are over and above normal maintenance, cover items with a life cycle in excess of one year, and are not normally provided for in an agency's annual operating budget.

Plant renewal Expenditures required to keep the physical plant in reliable operating condition for its present use. These expenditures are over and above normal maintenance, cover items with a life cycle in excess of one year, and are not normally contained in the annual operating budget.

Project cost The total cost of a building project including administration, site preparation, construction and occupancy. Project cost is the sum of all hard and soft costs or all building and nonbuilding costs (See also **construction cost.**)

Renewal and replacement maintenance A systematic management process to plan and budget for known future cyclic repair and replacement requirements that extend the life and retain the usable condition of facilities and systems and not normally contained in the annual operating budget. Such requirements include major items that have a maintenance cycle in excess of one year, for example, replacing roofs, painting buildings, resurfacing roads, and replacing equipment (boilers, chillers, transformers, and so forth).

Routine maintenance A systematic day-to-day process funded by annual operating budgets to control the deterioration of plant facilities. Planned maintenance includes the following:

a) Scheduled repetitive work, such as housekeeping, groundskeeping, and site maintenance.

b) Periodic scheduled work (preventive maintenance) that has been planned to provide adjustment, cleaning, minor repair, and routine inspection of equipment to reduce service interruptions.

c) Call-in requests for contingency services.

SARA A computerized facility develop-

ment system designed to help develop and track a project from concept to occupancy. It allows new project information to be input and manipulated or can refer to a data base including 25 years of collective architectural and engineering experience for a wide range of projects. The name is not an acronym.

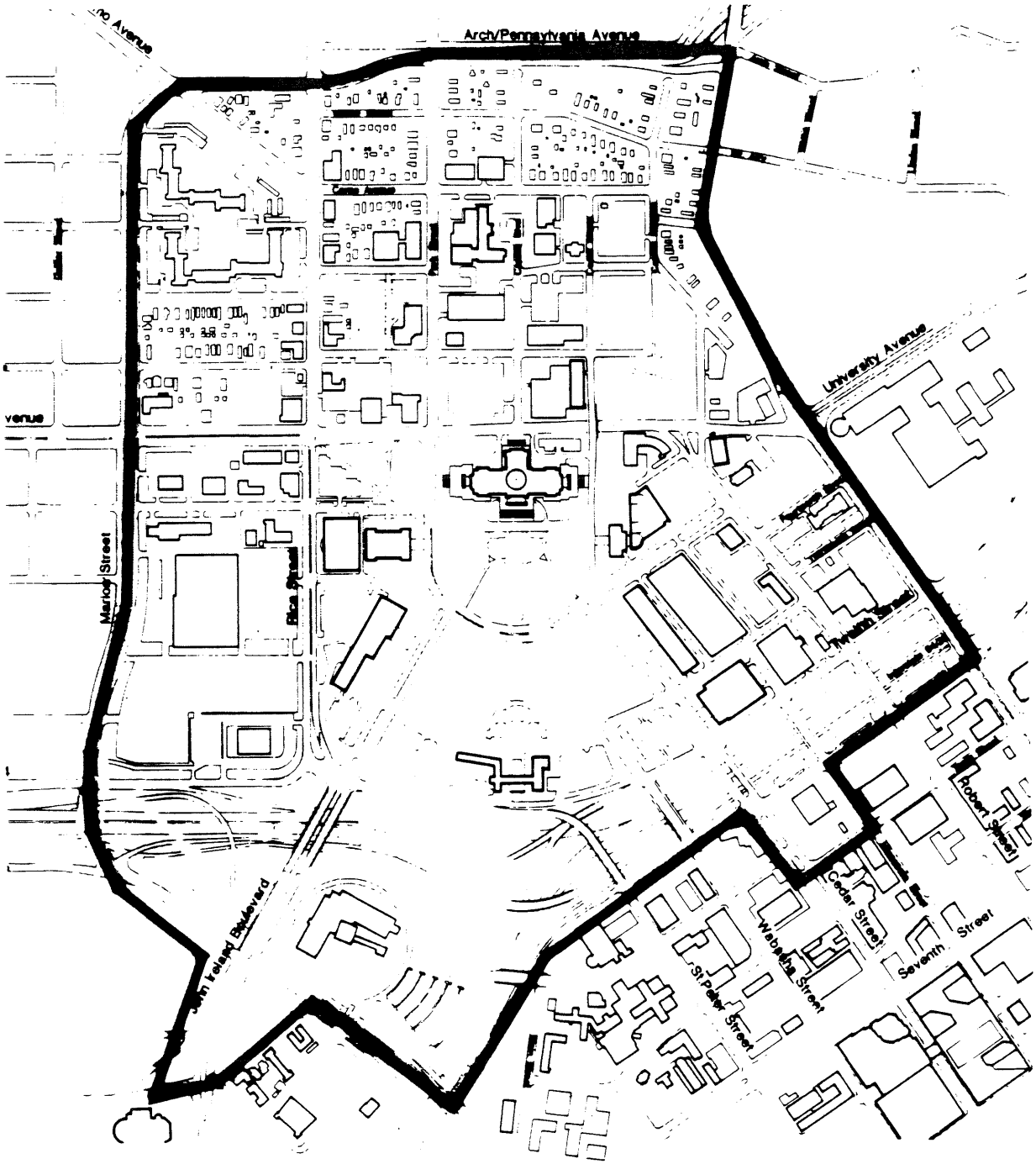
Standards change expenditures (A component of "plant adaption expenditures") Expenditures required to adapt the physical plant as required to changing standards (generally externally imposed). Examples include asbestos removal, replacement of PCB-using transformers, installation of new fume hoods to meet new air quality and safety requirements, rehabilitation to comply with new regulations, and removal of barriers to people with disabilities.

Strategic plan A formal long-range plan that incorporates the components of strategy, objectives, and goals. (See also **master plan.**)

Unscheduled major maintenance Work requiring immediate action to restore service or remove anticipated problems that will interrupt agency activities. Unscheduled major maintenance should be included if expenditures are made from current funds. Examples include a loss of electrical power, water, or refrigeration, and building failures creating hazards to personnel or equipment.

Use change expenditures (A component of "plant adaption expenditures") Expenditures required to adapt the physical plant as necessary to the evolving needs of the institution. The need for such expenditures may spring from changes in the nature of the business (for example, adapting electrical engineering labs from motors to microchips); from new technology (provision of high-tech classrooms, replacement of twisted pair with fiber optic cable); from competitive attractiveness and rising expectations (updating laboratories to attract or retain faculty members); or from the search for cost savings (addition of control systems for energy savings).

CAPITOL AREA



2. BUILDING CLASSIFICATION DATA BASE

Capital budget reform data base organization

1.01 Date of survey
1.02 Department/user
1.03 Property I.D.
1.04 Number of occupants
1.05 Building name
1.06 Building address
1.07 Building city
1.08 Building ZIP
1.09 Contact name
1.10 Contact telephone
1.11 Surveyor firm
1.12 Surveyor name
1.13 Surveyor address
1.14 Surveyor city
1.15 Surveyor ZIP
1.16 Type of services
1.17 Building occupancy type
1.18 Building construction type
1.19 Historic Register
1.20 Year built
1.21 Gross area
1.22 No. of stories

2.01 Room use (program)
2.02 Room type (HEGIS)
2.03 Net assignable space

3.01 Building structural shell
3.02 Roofing
3.03 Exterior cladding
3.04 Exterior windows
3.05 Interior partitions
3.06 Interior finishes
3.07 Elevators
3.08 Plumbing
3.09 HVAC - moving
3.10 HVAC - static
3.11 Electrical - moving
3.12 Electrical - static
3.13 Fire protection
3.14 Special equipment

NOTE: Many of these components already overlap data available in existing data bases (such as Access '92) and data proposed for the SARA system (see forms following).

FORM SSI
301 SCUP PROJECT DATA SURVEY INFORMATION

Purpose:

This form is designed to assist in the accumulation of project data necessary for accurate projection of project cost requirements. The format is based on the construction categories which encourage uniform data collection and analysis.

Definitions:

"Costs" which are reported should be based on actual bid amounts or fixed budgets.

"Project Category" defines the components of a project.

"Designation" is a defined element within a project category.

"00 - Undefined" element in each category is to be used to designate elements not specifically covered by defined elements within each category.

"5' of Building Line" includes all work done within 5' of exterior perimeter of building and exclusive of all site improvements outside the building perimeter.

"%N" designates the approximate percentage of new construction.

"%R" designates the approximate percentage of remodel.

Instructions for Filing:

1. Attached are the SCUP Project Information Forms designed for Facilities. These forms can be used to assist in quantifying various project parameters. However, if you already have similar information in another format, this may be submitted in lieu of these forms. Please attach SCUP Form 301 page 3 headings to your submission.

2. Within each project category with a % adjacent to its title, one or more designations may be used with a total for the category being 100%.

3. Address for return of cost survey information:

SCUP Central Office
2026M School of Education Bldg.
University of Michigan
Ann Arbor, MI 48109-1259

FORM SSI
301 SCUP PROJECT DATA SURVEY DEFINITIONS

Building Areas
Definitions and Methods of Calculation

1. GROSS AREA

A. Definition The sum of all areas on all floors of a building included within the outside faces of its exterior walls, including floor penetration areas, however insignificant, for circulation and shaft areas that connect one floor to another.

B. Basis for Measurement Gross area is computed by physically measuring or scaling measurements from the outside faces of exterior walls, disregarding cornices, pilasters, buttresses, etc., which extend beyond the wall faces. Exclude areas having less than a six-foot, six-inch clear ceiling height unless the criteria of a separate structure are met. Measured in terms of gross square feet (GSF), *Gross Area = Net Usable Area + Structural Space*

C. Description In addition to all the internal floored spaces obviously covered above, gross area should include the following: excavated basement areas; mezzanines, penthouses, and attics; garages, enclosed porches, inner or outer balconies whether walled or not, if they are utilized for operational functions; and corridors, provided they are within the outside face lines of the building to the extent of the roof drip line. The footprints of stairways, elevator shafts, and ducts (examples of building infrastructure) are to be counted as gross area on each floor through which they pass.

D. Limitations Exclude open areas such as parking lots, playing fields, courts, and light wells, or portions of upper floors eliminated by rooms or lobbies that rise above single-floor ceiling height.

E. Exception Include top, unroofed floor of parking structures where parking is available.

2. NET ASSIGNABLE AREA

A. Definition The sum of all areas on all floors of a building assigned to, or available for assignment to, an occupant or specific use.

B. Basis for Measurement Net assignable area is computed by physically measuring or scaling measurements from inside finishes that form the boundaries of the designated areas. Exclude areas having less than a six-foot, six-inch clear ceiling height unless the criteria of a separate structure are met. Measured in terms of net assignable square feet (NASF), *Net Assignable Area = Sum of the Ten Assignable Major Room Use Categories.*

C. Description Included should be space subdivisions of the ten major room use categories - classrooms, labs, offices, study facilities, special use, general use, support, health care, residential and unclassified - that are used to accomplish the institution's mission.

D. Limitations Deductions should not be made for necessary building columns and projections. Areas defined as building service, circulation, mechanical, and structural should not be included.

3. NONASSIGNABLE AREA

A. Definition The sum of all areas on all floors of a building not available for assignment to an occupant or specific use, but necessary for the general operation of a building.

B. Basis for Measurement Nonassignable Area is computed by physically measuring or scaling measurements from the inside finishes of surfaces that form the boundaries of the designated areas. Excludes areas having less than six-foot, six-inch clear ceiling height unless the criteria of a separate structure are met. Measured in terms of area, *Nonassignable Area = Sum of the Three Nonassignable Room Use Categories.*

C. Description Included should be space subdivisions of the three nonassignable room use categories - building service, circulation and mechanical - that are used to support the building's general operation.

D. Limitations Deductions should not be made for necessary building columns and projections. Areas defined as net assignable should not be included.

3.1 Circulation Area

A. Definition That portion of the gross area of a building required for physical access to some sub-division of space whether directly bounded by partitions or not.

B. Basis for Measurement Should be computed by measuring from the inner faces of walls, partitions, or screens which enclose such areas.

C. Description Should include, but not be limited to public spaces, entrance lobbies, vestibules, corridors, and atriums.

D. Limitations Deductions should not be made for necessary building columns and projections.

3.2 Custodial Area

A. Definition That portion of the gross area of a building required for storage and use of materials and equipment necessary for maintenance of building.

B. Basis for Measurement Should be computed by measuring from the inner faces of walls, partitions, or screens which enclose such areas.

C. Description Should include but not be limited to, janitorial closets and maintenance supply closets.

D. Limitations Deductions should not be made for necessary building columns and projections.

3.3 Mechanical and Utility Areas

A. Definition That portion of the gross area of a building which cannot be occupied or put to use because of mechanical service requirements.

B. Basis for Measurement Should be computed by measuring from the inner faces of walls, partitions, or screens which enclose such areas.

C. Description Should include, but not be limited to, airduct shafts, boiler rooms, fixed mechanical service shafts or areas, meter and communications closets, service chutes, and non-private toilet rooms (custodial and public), lounges or coatrooms associated with toilet rooms.

D. Limitations Deductions should not be made for necessary building columns and projections.

3.4 Structural Area

A. Definition Should be construed to mean that portion of the gross area which cannot be occupied or put to use because of structural building features.

B. Basis for Measurement Precise computation by direct measurement is not contemplated under these definitions. Should generally be determined by assuming it to be the residual area after the assignable, circulation, custodial, and mechanical areas have been subtracted from the gross area.

C. Description Examples of building features normally classified as structural area are interior and exterior walls, fire walls, shear walls, and permanent partitions. Also included are unusable areas in attics, basement, or comparable portions of a building.

4. BUILDING EFFICIENCY

A. Definition The efficiency of a building is defined as, and will be computed as, the ratio of assignable area to gross area (expressed as a percentage).

5. OTHER SIGNIFICANT AREAS

A. Definition Where there are areas of, or related to, a building which do not meet the criteria for gross area as defined above but which are nonetheless significant areas, these should be calculated and square footage noted as "Other Significant Areas." Examples include open developed courtyards, uncovered deck areas, significant covered decks, pools, etc.

SCUP PROJECT PROGRAM SURVEY FORM

Zip Code: ____________ City: ____________ Architect: ____________

Institution: ____________ State: ____________ Bid Year: ______ Month: ______

Name of Project: ____________ Completion Year: ______ Month: ______

Contact: ____________ Phone: ____________ Phase: Program ☐ Bid ☐ Complete ☐

PROJECT DATA BY ROOM TYPE

ROOM NUMBER	ROOM USE DESCRIPTION	HEGIS RM TYPE CODE	ACADEMIC DISCIPLINE	NEXT TO ROOM NUMBER	LEVEL	E/I	CEILING HEIGHT	NUMBER OF OCC.	SQUARE FEET	WET/DRY	GAS/AIR

SSI FORM 301

FORM SSI 301 SCUP PROJECT PROGRAM SURVEY INFORMATION

Definitions:

"Room Number" is the number assigned to the room.

"Room Use Description" The description of the room use (for example, classroom, restroom, office, etc.) to be taken from the HEGIS codes and categories that follow:

100	Classroom and Classroom Support
200	Laboratory and Laboratory Support
300	Office and Office Support
400	Study Space
500	Special Use
600	General Use
700	Support
800	Health Care
900	Residential and Residential Support
000	Vacant, Renovation

"HEGIS Room Type Code" See page 7 for Outline of Room Use Codes.

"Academic Discipline" The academic discipline primarily involved with the use of the room from the following list:

01	Agricultural Business and Production
02	Agricultural Sciences
03	Conservation
04	Architecture and Environmental Design
05	Area And Ethnic Studies
08	Marketing Operations
09	Communications
10	Communications Technologies
11	Computer and Information Services
12	Personal and Miscellaneous Services
13	Education
14	Engineering
15	Engineering-Related Technologies
16	Foreign Languages and Literatures
19	Home Economics
20	Technology Education/ Industrial Arts
22	Law
23	English Language and Literature/Letters
24	Liberal Arts & Sciences, Gen. Studies & Humanities
25	Library Science
26	Biological Sciences/Life Sciences
27	Mathematics
29	Military Technologies
30	Multi/Interdisciplinary Studies
31	Parks and Recreation
38	Philosophy and Religion
39	Theology
40	Physical Sciences
41	Science Technologies
42	Psychology
43	Protective Services
44	Public Administration and Services
45	Social Sciences
46	Construction Trades
47	Mechanics and Repairers
48	Precision Production
49	Transportation and Material Moving
50	Visual and Performing Arts
51	Health Sciences and Allied Health Services
52	Business Management and Administrative Services

"Next To Room Number" The room number to which the room is adjacent.

"Level" The level or floor on which the room is located, for example, 1, 2, 3, etc.

"E/I" Does the room have an (E)xterior wall or is it on the (I)nterior of the facility?

"Ceiling Height" The height of the ceiling above the finished floor.

"Number of Occ." The number of occupants for which the room is designed.

"Square Feet" The square footage of the room calculated using clear interior dimensions.

"Wet/Dry" Whether or not there is water to the room.

"Gas/Air" Whether or not the room has gas or air outlets for laboratory type use.

SCUP PROJECT DATA SURVEY FORM

Zip Code: _____ City: _____ Architect: _____
Institution: _____ State: _____ Bid Year: _____ Month: _____
Name of Project: _____ Completion Year: _____ Month: _____
Contact: _____ Phone: _____ Phase: Program ☐ Bid ☐ Complete ( )

Statistics:
net assignable sq.ft.: _____ nasf
gross sq.ft.: _____ gsf
gross sq. ft. remodeling: _____ gsf
gross sq. ft. new construction: _____ gsf
total project cost: _____

Costs:
foundation: _____ fire protection: _____ landscaping: _____
general: _____ fixed equip.: _____ moveable equip.: _____
plumbing: _____ total constr. cost: _____ furnishings: _____
HVAC: _____ design fee: _____ admn/owner cost: _____
electrical: _____ site cost: _____ remodel cost: _____

PROJECT CATEGORIES

%N %R BUILDING INDEX TYPE
___ ___ 01 - ADMINISTRATION
___ ___ 02 - AGRICULTURE
___ ___ 03 - ANIMAL CARE
___ ___ 04 - ARCHITECTURE
___ ___ 05 - ART STUDIO
___ ___ 06 - ATHLETIC: ARENA/GYM
___ ___ 07 - ATHLETIC: POOL
___ ___ 08 - ATHLETIC: STADIUM
___ ___ 09 - BUSINESS/MANAGEMENT
___ ___ 10 - CLASSROOM
___ ___ 11 - COMPUTER
___ ___ 12 - DENTISTRY
___ ___ 13 - DINING
___ ___ 14 - EDUCATION
___ ___ 15 - ENGINEERING
___ ___ 16 - FACULTY CLUB
___ ___ 17 - FORESTRY
___ ___ 18 - GREENHOUSE
___ ___ 19 - HEALTH CARE
___ ___ 20 - HOUSING: DORMITORY
___ ___ 21 - HOUSING: APARTMENT
___ ___ 22 - LAW
___ ___ 23 - LIBRARY
___ ___ 24 - MEDICAL
___ ___ 25 - MUSEUM
___ ___ 26 - NURSING
___ ___ 27 - OFFICE
___ ___ 28 - PARKING FACILITY
___ ___ 29 - PERFORMING ARTS
___ ___ 30 - PHARMACY
___ ___ 31 - PHYSICAL PLANT/SUPPORT SVC.
___ ___ 32 - POWER PLANT/UTILITY WORK
___ ___ 33 - SCIENCE
___ ___ 34 - STUDENT UNION
___ ___ 35 - THEATER/AUDITORIUM
___ ___ 36 - VETERINARY MEDICINE
___ ___ 37 - OTHER

% TYPE OF ROOF STRUCTURE
___ 00 - UNDEFINED, ROOF STRUCT. SYS.
___ 01 - PRE-CAST
___ 02 - CAST-IN-PLACE CONCRETE
___ 03 - STEEL
___ 04 - AIR STRUCTURE
___ 05 - SPACE FRAME
___ 06 - WOOD
___ 07 - COMPOSITE STEEL/CONCRETE

% TYPE OF ROOFING SYSTEM
___ 00 - UNDEFINED, ROOFING SYSTEM
___ 01 - TILE
___ 02 - ELASTOMERIC
___ 03 - STEEL
___ 04 - SHINGLES
___ 05 - METALS
___ 06 - FOAM
___ 07 - FABRIC
___ 08 - BUILT UP
___ 09 - SKYLIGHT

% TYPE OF HEATING & VENTILATING
___ 00 - UNDEFINED, HEATING & VENTILATING H-V
___ 01 - UNIT HEATERS
___ 02 - FAN COILS
___ 03 - PACKAGE UNITS
___ 04 - CENTRAL AIR SYSTEM
___ 05 - RADIANT

% TYPE OF EXTERIOR WALL
___ 00 - UNDEFINED, EXTERIOR WALL
___ 01 - BRICK
___ 02 - STUCCO
___ 03 - SYNTHETIC FINISH
___ 04 - CMU
___ 05 - PRE-CAST PANEL
___ 06 - CUT STONE
___ 07 - WOOD
___ 08 - METAL
___ 09 - CONCRETE (PRE-CAST,TILT-UP,CAST IN PL)
___ 10 - ADOBE
___ 11 - GLASS
___ 12 - PANELS (MANUFACTURED)

% TYPE OF FLOOR STRUCTURAL SYS.
___ 00 - UNDEFINED, FLOOR STRUCTURAL SYS.
___ 01 - PRE-CAST
___ 02 - CAST-IN-PLACE CONCRETE
___ 03 - STEEL JOISTS & PAN SYSTEM
___ 04 - WOOD
___ 05 - COMPOSITE STEEL/CONCRETE

% TYPE OF WALL STRUCTURE
___ 00 - UNDEFINED, WALL STUCTURAL SYSTEM
___ 01 - CONCRETE POST AND BEAM
___ 02 - STEEL FRAME
___ 03 - THIN SHELL
___ 04 - WOOD FRAME
___ 05 - LAMINATED WOOD
___ 06 - MASONRY
___ 07 - METAL STUDS
___ 08 - ADOBE
___ 09 - CONCRETE
___ 10 - AIR STRUCTURE
___ 11 - SPACE FRAME
___ 12 - PRE-CAST PANEL

% TYPE OF AIR CONDITIONING
___ 00 - UNDEFINED, AIR CONDITIONING, A-C
___ 01 - ROOM UNITS
___ 02 - FAN COILS
___ 03 - PACKAGE UNITS
___ 04 - CENTRAL AIR SYSTEM
___ 05 - EVAPORATIVE

% TYPE OF HEATING-VENTILATING FUEL
___ 00 - UNDEFINED, H-V FUEL TYPE
___ 01 - ELECTRIC
___ 02 - GAS
___ 03 - OIL
___ 04 - COAL
___ 05 - RENEWABLE
___ 06 - STEAM - HOT WATER
___ 07 - SOLAR
___ 08 - GEOTHERMAL

% TYPE OF AIR CONDITIONING FUEL
___ 00 - UNDEFINED, A-C FUEL TYPE
___ 01 - ELECTRIC
___ 02 - GAS
___ 03 - OIL
___ 04 - COAL
___ 05 - RENEWABLE
___ 06 - STEAM - HOT WATER
___ 07 - SOLAR
___ 08 - GEOTHERMAL
___ 09 - CHILLED WATER

X TYPE OF PROJECT
___ 00 - UNDEFINED, TYPE OF PROJECT
___ 01 - VERT & HORIZ ADD. - NO REMODEL
___ 02 - VERTICAL ADDITION - NO REMODEL
___ 03 - HORIZONTAL ADDITION - NO REMODEL
___ 04 - STAND-ALONE FAC. - NO REMODEL
___ 11 - VERTICAL & HORIZ. ADD. - WITH REM
___ 12 - VERTICAL ADDITION - WITH REMODEL
___ 13 - HORIZONTAL ADD. - WITH REMODEL
___ 14 - STAND-ALONE FAC. - WITH REMODEL

- FAG - Floors Above Grade: _____
- FBG - Floors Below Grade: _____
- Average Floor to Floor Height: _____
- Is the Project connected to a central plant? ☐ YES ☐ NO

X SEISMIC ZONES
___ 00 - SEISMIC ZONES, NO DAMAGE
___ 01 - MINOR DAMAGE
___ 02 - MODERATE DAMAGE (VII INTENSITY)
___ 03 - MAJOR DAMAGE; (VII INTENSITY +)
___ 04 - AREAS ADJACENT TO FAULTS

X UBC BUILDING TYPE
___ 01 - Fire-Resistive (steel, iron, concr., masonry)
___ 02 - Bldg. w/ steel, iron, concr, masonry struct
___ 03 - Bldg. w/ structure of any code legal matrls.
___ 04 - Bldg. w/ permanent partitions of 1 hr. matr l.
___ 05 - Bldg. of 1 hr. fire resistive throughout

SSI FORM 301

FORM SSI
301

SCUP PROJECT DATA SURVEY
ADDITIONAL INFORMATION & COMMENTS

Use this space to provide any comments, additional information or description of project.

FORM SSI
301 SCUP PROJECT DATA SURVEY
OUTLINE OF HEGIS ROOM USE CODES

100 CLASSROOM FACILITIES
- 110 Classroom
- 115 Classroom Service

200 LABORATORY FACILITIES
- 210 Class Laboratory
- 215 Class Laboratory Service
- 220 Open Laboratory
- 225 Open Laboratory Service
- 250 Research Laboratory
- 255 Research Laboratory Service

300 OFFICE FACILITIES
- 310 Office
- 315 Office Service
- 350 Conference Room
- 355 Conference Room Service

400 STUDY FACILITIES
- 410 Study Room
- 420 Stack
- 430 Open-Stack Study Room
- 440 Processing Room
- 455 Study Service

500 SPECIAL USE FACILITIES
- 510 Armory
- 515 Armory Service
- 520 Athletic Or Physical Education
- 523 Athletic Facilities Spectator Seating
- 525 Athletic Or Physical Education Service
- 530 Media Production
- 535 Media Production Service
- 540 Clinic
- 545 Clinic Service
- 550 Demonstration
- 555 Demonstration Service
- 560 Field Building
- 570 Animal Quarters
- 575 Animal Quarters Service
- 580 Greenhouse
- 585 Greenhouse Service
- 590 Other (All Purpose)

600 GENERAL USE FACILITIES
- 610 Assembly
- 615 Assembly Service
- 620 Exhibition
- 625 Exhibition Service
- 630 Food Facility
- 635 Food Facility Service
- 640 Day Care
- 645 Day Care Service
- 650 Lounge
- 655 Lounge Service
- 660 Merchandising
- 665 Merchandising Service
- 670 Recreation
- 675 Recreation Service
- 680 Meeting Room
- 685 Meeting Room Service

700 SUPPORT FACILITIES
- 710 Central Computer/Telecommunications
- 715 Central Computer/Telecom. Service
- 720 Shop
- 725 Shop Service
- 730 Central Storage
- 735 Central Storage Service
- 740 Vehicle Storage
- 745 Vehicle Storage Service
- 750 Central Service
- 755 Central Service Support
- 760 Hazardous Materials
- 765 Hazardous Materials Service

800 HEALTH CARE FACILITIES
- 810 Patient Bedroom
- 815 Patient Bedroom Service
- 820 Patient Bath
- 830 Nurse Station
- 835 Nurse Station Service
- 840 Surgery
- 845 Surgery Service
- 850 Treatment/Examination
- 855 Treatment/Examination Service
- 860 Diagnostic Service Laboratory
- 865 Diagnostic Service Lab. Support
- 870 Central Supplies
- 880 Public Waiting
- 890 Staff On-Call Facility
- 895 Staff On-Call Facility Service

900 RESIDENTIAL FACILITIES
- 910 Sleep/Study Without Toilet Or Bath
- 919 Toilet Or Bath
- 920 Sleep/Study With Toilet Or Bath
- 935 Sleep/Study Service
- 950 Apartment
- 955 Apartment Service
- 970 House

000 UNCLASSIFIED FACILITIES
- 050 Inactive Area
- 060 Alteration Or Conversion Area
- 070 Unfinished Area

NONASSIGNABLE AREA
- WWW Circulation Area
- XXX Building Service Area
- YYY Mechanical Area

3. RENT MATRIX

Comparison of current and proposed FY92 rents for buildings under Administration control: a simulation

	CURRENT RENT MATRIX		PROPOSED RENT MATRIX		
BUILDING	PER SQ FT	ANNUAL RENT	PER SQ FT	ANNUAL RENT	INCREASE (DECREASE)
Office space					
Administration	$10.94	$564,131	$10.78	$555,880	(8,251)
Capitol	10.74	273,698	13.62	347,091	73,393
Capitol Square	8.91	1,304,719	8.97	1,313,515	8,786
Centennial	8.33	1,659,651	11.15	2,221,502	561,851
Ford	11.45	364,181	10.99	349,550	(14,631)
Health	9.89	1,180,974	9.54	1,139,180	(41,794)
Transportation	8.38	1,941,210	9.31	2,156,642	215,432
Veterans Service	10.97	319,028	11.69	339,967	20,939
625 No. Robert	13.04	17,010	13.40	17,480	470
635 No. Robert	0.00	0	0.00	0	0
671 No. Robert	0.00	0	0.00	0	0
500-508 Rice	9.14	37,705	8.45	34,859	(2846)
127 University	13.61	15,925	12.16	14,229	(1,696)
1246 University	7.45	437,160	8.57	502,880	65,720
Historical Society	10.22	266,293	9.45	246,230	(20,063)
Duluth Service Ctr	9.67	941,257	8.69	845,866	(95,391)
Judicial Building	22.56	3,057,690	20.56	2,786,618	(271,072)
Light industrial space					
610 No. Robert	0.00	0	6.12	204,159	204,159
History Center	19.45	3,356,262	22.09	3,811,816	455,554
TOTALS		$15,796,017		$16,966,011	$1,169,984

NOTES: Current rate matrix as presented in the approved FY 1992 rate package. Includes building depreciation (over life of building), bond interest on new buildings (over 20 years), and retained earnings usage. Proposed rate matrix includes building depreciation as in the current matrix, and adds bond interest on all construction (over 20 years) and deletes retained earnings usage. Storage rent revenue of $256,980 is not included in the figures presented above. A rate of $2.95 per square foot applies in both examples.

The proposed rent matrix does not include the pool of funds needed to maintain the life of the building.

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