



January 17, 2017

The Honorable Mary Kiffmeyer  
Chair, Senate State Government Finance  
3103 Minnesota Senate Building

The Honorable Sarah Anderson  
Chair, House State Government Finance  
583 State Office Building

The Honorable Jim Carlson  
Ranking Member, Senate State Government  
2207 Minnesota Senate Building

The Honorable Sheldon Johnson  
Ranking Member, House State Gov.  
259 State Office Building

**RE: In-lieu of Rent Report**

Dear Committee Chairs and Ranking Minority Members:

The attached evaluation of, and recommendations for, the "In-lieu of Rent" appropriation was prepared in compliance with Laws of Minnesota 2015, Chapter 77, Article 2, Section 80.

Please do not hesitate to contact my office with any questions. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Matthew J. Massman'.

Commissioner Matt Massman  
Minnesota Department of Administration

cc: Governor Mark Dayton  
Senator David Senjem, Chair, Senate Capital Investment Committee  
Senator Sandra Pappas, Ranking Member, Senate Capital Investment Committee  
Representative Dean Urdahl, Chair, House Capital Investment Committee  
Representative Alice Hausman, Ranking Member, House Capital Investment Committee  
Legislative Reference Library (2)

## **In-Lieu of Rent Evaluation & Recommendations:**

**Space Costs of the Legislature and Veterans Organizations, Vending Operators,  
Ceremonial Space, and Statutorily Free Space in the Capitol Building, and in  
other Buildings on the Capitol Grounds**

**January 15, 2017**

## Executive Summary

The In-lieu of Rent (ILR) appropriation is essential to the proper stewardship and operation of buildings integral to the State's democratic process as well as offices that provide support and advocacy on behalf of Minnesota's veterans, and vocational opportunities for the blind. ILR is used to fund space costs of the legislature, veterans' organizations, ceremonial space, the capitol grounds, and statutorily free space. Rent is funded by ILR in areas that are either ceremonial or where occupants do not directly pay rent.

The Minnesota State Capitol Preservation Commission and the Department of Administration recommend increasing the ILR appropriation by \$1.216 million in Fiscal Year 2018 and \$1.233 million in Fiscal Year 2019 and each year thereafter. Additionally, the department recommends that ILR be converted to an open appropriation. The current ILR appropriation of \$8.158 million has been relatively flat since 2003 and is not sufficient to properly support the maintenance and operation of the areas covered.

An increase in ILR is necessary as operating costs are climbing in state facilities due to deferred renovations of aging infrastructure. The increase is equally as needed to protect public infrastructure investments, such as the \$310 million restoration of the Minnesota State Capitol Building. This reflects additional funding needed to operate the newly restored Capitol, including:

- The restored Capitol is served by more modern and robust mechanical systems that need to be maintained.
- Roughly \$300,000 per year to reset Capitol labor staffing to pre-restoration levels to ensure consistent and proper maintenance of the building.
- \$175,000 per year in additional funding to perform recommended inspections and related preventative maintenance in accordance with the restored Capitol's maintenance protocol.
- The amount of space covered by the ILR appropriation is increasing by approximately 30,000 square feet.

In addition to the ILR appropriation, periodic funding will be needed for cyclical asset preservation work on the State Capitol, such as for exterior tuck-pointing and window frame painting that will need to occur on five or ten year cycles.

The increased investments also reflect that the Capitol's space functionality in many areas has transitioned from office space to ceremonial and public spaces. With significantly more space dedicated to public use, building usage throughout the year is expected to increase. There is reservable space for the public, as well as exhibition space. Statutory changes in the past several years have made clear an intent for greater usage of the building by the public during and after normal business hours. Such a change in space usage is a great benefit, but necessitates additional resources such as increased operating time for building utility systems, more custodial staff, reservations capability, greater restroom capacity, and insurance.

## **Preface**

This evaluation of, and recommendations for, the “In-lieu of Rent” appropriation was prepared in compliance with Laws of Minnesota 2015, Chapter 77, Article 2, Section 80. The “In-lieu-of-Rent” appropriation refers to a direct appropriation to the Commissioner of Administration to fund the operation and maintenance of certain spaces in the Minnesota State Capitol, State Office Building, Veterans Service Building, and other buildings. The appropriation is made in lieu of the Commissioner charging space rent costs to the relevant entities. The legislative provision states the report should address the following:

### ***IN-LIEU OF RENT EVALUATION.***

(a) The commissioner of administration must evaluate and provide recommendations regarding the base appropriation to the Department of Administration for an in-lieu of rent payment for space costs of the legislature and veterans organizations, vending operators, ceremonial space, and statutorily free space in the Capitol building and in other buildings on the Capitol grounds under the custodial control of the Department of Administration.

(b) By January 15, 2017, the commissioner must report to the chairs and ranking minority members of the committees and divisions in the senate and the house of representatives with jurisdiction over the appropriation to the Department of Administration for the in-lieu of rent payment. The report must:

(1) identify the amount and quality of space that will be occupied by the senate, the house of representatives, and veterans organizations, ceremonial space, and statutorily free space, in fiscal years 2018 and 2019, including a comparison to the amount and quality of space occupied by the same tenants in fiscal year 2013;

(2) evaluate and justify the expense components included and assumptions made in determining lease rates and make comparisons to market rates; and

(3) evaluate whether the base funding for fiscal years 2018 and 2019 for the in-lieu of rent appropriation is justified, and if not, recommend an increase or decrease.

(c) In conducting the evaluation and preparing the report, the commissioner must consult with the secretary of the senate, the chief clerk of the house of representatives, the commissioner of employment and economic development on behalf of the services for the blind, and the commissioner of veterans affairs on behalf of veterans organizations that use space for which the Department of Administration receives an in-lieu of rent appropriation.

## Background

Minnesota Statutes 16B.24 authorizes the Commissioner of Administration to operate and maintain the Minnesota State Capitol and state-owned buildings in the Minnesota State Capitol Complex, as well as any other state-owned buildings when advisable or practicable. Consistent with state statutes, the Department of Administration (Admin) directly manages 23 buildings and 31 parking facilities on the 140-acre Capitol Complex, and oversees enterprise real property and all state property leases.

In general, the funding required to operate and maintain state-owned buildings in the Capitol Complex comes through rents paid from the operating budgets of the state government entities that occupy that space. Lease rates are determined by the Commissioner of Administration and approved by the Commissioner of Minnesota Management and Budget. In contrast, the costs to operate and maintain certain legislative and other space defined in law is funded by a direct appropriation to the Commissioner of Administration, referred to as the “In-lieu of Rent” (ILR) appropriation. ILR-funded space is billed in the same manner, and at the same rate per square foot, as other tenant-occupied space in the same buildings.

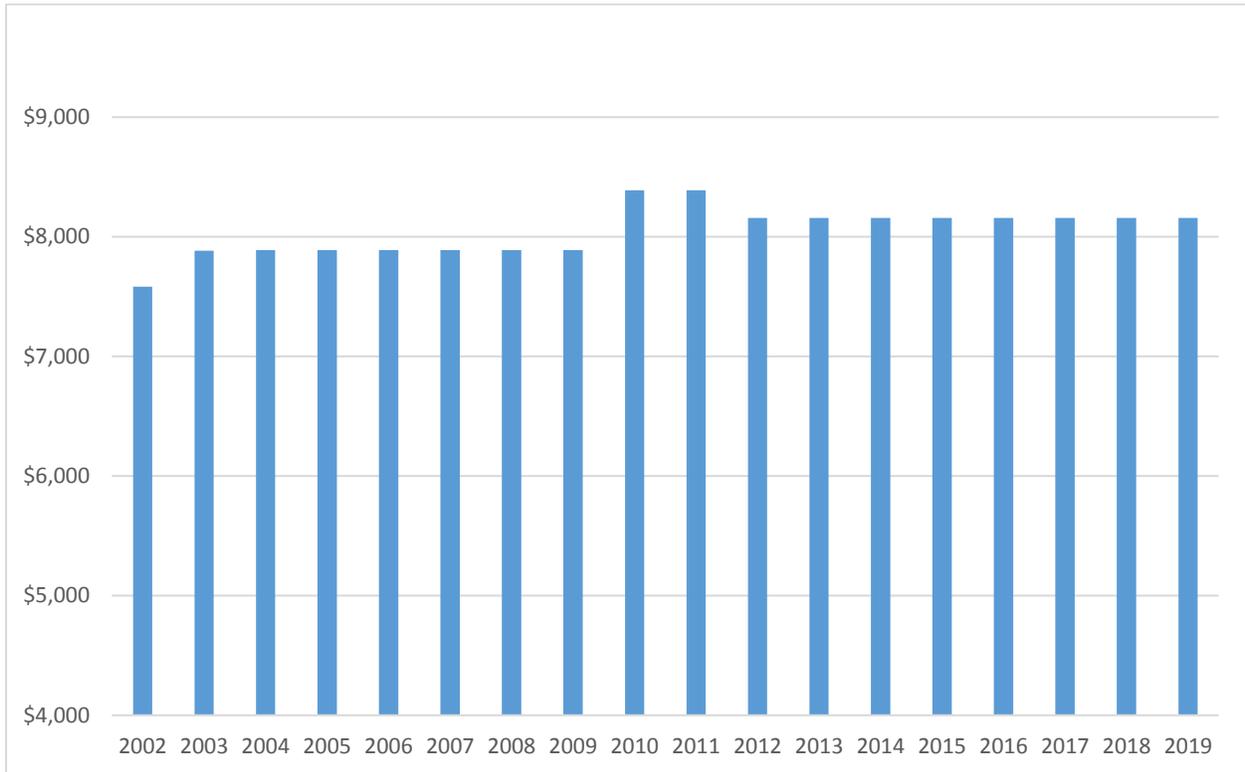
More specifically, the ILR appropriation covers rent for:

- **Ceremonial Space** – space in the Capitol Building such as the Rotunda, Governor’s Residence, ceremonial grounds, and monuments/memorials in the Capitol area.
- **State Services for the Blind** – Space occupied by State Services for the Blind to operate vending operations and convenience stores at eleven sites (M.S. 248.07 Subd. 7).
- **Rent Waived** – Space the State Capitol building, the State Office Building, or Veterans Service Building that is occupied by the House of Representatives, Senate, Revisor of Statutes, Legislative Reference Library, and Congressionally-chartered veterans’ organizations (M.S. 197.55 – 197.58). The newly created public areas in the restored Capitol are included in this area.

The core of state government is located in buildings on or near the State Capitol Complex, including the entire Legislative Branch, the Supreme Court and Court of Appeals, most Executive branch functions, and state employees. The current funding model for building operations—lease rates for Executive branch agencies and ILR for legislative and related space—has worked well because it provides the budget consistency needed to plan for and implement routine operations, basic infrastructure maintenance, and expeditiously repurpose space as needed to meet the changing and unique needs of the legislative branch. Additionally, because the ILR rate is set in the same manner as lease rates, the Admin lease rate business plan ensures transparency in both the lease setting and ILR appropriation request level.

The current ILR appropriation is \$8.158 million annually. The ILR appropriation level has been relatively flat since 2003 (illustrated in Chart 1), even though the estimated costs of operating and maintaining that space has been increasing.

**Chart 1: In-lieu of Rent Appropriations since 2002**



The ILR appropriation covers expenses such as utility charges, compensation for general maintenance workers and engineering staff, utilities, cleaning supplies and equipment, and routine maintenance and inspection of equipment and mechanical systems (elevators, fire alarm and sprinklers, etc.). It does not cover historic preservation or periodic needs for capital investment necessary to maintain buildings, such as roof replacement, mechanical system upgrade or replacements, etc.

Although the categories of expenses funded by ILR following Capitol restoration are largely unchanged, a variety of factors contribute to somewhat higher costs of operations. For example, the mix and usage of space in the restored Capitol has changed, with considerably more space dedicated to public functions—i.e., increased square footage covered by the ILR appropriation—than had previously been deployed as offices. Much of that space is reservable by the public. The enhanced public benefit of additional space is anticipated to result in greater utilization of more areas of the building, and by more people throughout the business day and year round.

In addition, general cost increases for the maintenance of all buildings—such as compensation costs, utility, and cleaning supplies—in conjunction with the changed usage of the newly restored Capitol, means that the current appropriation can no longer support proper maintenance and operations of the areas covered. A realistic calculation of ILR must include support resources such as custodial staff, insurance of contents in public space, reservations capability, and support areas (such as corridors and public bathroom space).

## Amount and Quality of Space

- 1. [I]dentify the amount and quality of space that will be occupied by the senate, the house of representatives, and veterans organizations, ceremonial space, and statutorily free space, in fiscal years 2018 and 2019, including a comparison to the amount and quality of space occupied by the same tenants in fiscal year 2013*

**Chart 2: Square Footage of Space Funded by In-lieu of Rent by Building/Category**

	<u>FY13</u>	<u>FY18</u>	<u>FY19</u>
<b>Ceremonial</b>			
State Capitol	19,766	26,588	26,588
Governor's Residence	16,753	17,027	17,027
Ceremonial Grounds	NA	NA	NA
<b>Total Ceremonial</b>	<b>36,519</b>	<b>43,615</b>	<b>43,615</b>
<b>Services for the Blind</b>			
Administration Bldg	770	770	770
Andersen	1,008	1,003	1,003
BCA Maryland	314	260	260
State Capitol	206	1,153	1,153
Centennial	957	944	944
Freeman	671	671	671
Judicial	38	38	38
Stassen	538	538	538
State Office Building	188	188	188
Transportation	409	446	446
Veterans Service	169	169	169
<b>Total Services for the Blind</b>	<b>5,268</b>	<b>6,180</b>	<b>6,180</b>
<b>Rent Waived</b>			
State Capitol	119,469	141,821	141,821
House	33,240	35,927	35,927
Senate	85,980	39,687	39,687
Other	249	66,207	66,207
State Office Building	196,239	201,404	201,404
Veterans Service	14,027	18,930	18,930
<b>Total Rent Waived</b>	<b>329,735</b>	<b>362,155</b>	<b>362,155</b>
<b>Total - In Lieu of Rent</b>	<b>371,522</b>	<b>411,950</b>	<b>411,950</b>

As summarized in Chart 2, the amount of space funded by ILR has increased by 40,428 square feet, largely as a result of increased public space following the Capitol restoration.

The quality of space on the Capitol Complex is impacted by several factors, but primarily by the age of the building and the amount of time that has elapsed since the building's last comprehensive restoration or remodel. The quality of tenant space, however, is somewhat subjective and is likely to be significantly influenced by an individual's preferences for architecture, location, modernity, proximity to amenities, and other factors. The age of the buildings managed by Admin ranges from the 111 year-old Minnesota State Capitol (opened 1905), to the newly constructed Minnesota Senate Building (opened 2016).

The \$310 million restoration of the State Capitol Building is the largest asset preservation project in Minnesota's history. That restoration, in concert with construction of the Minnesota Senate Building, has upgraded facilities that were previously antiquated and in disrepair. However, other facilities on the Capitol Complex that are also essential to state operations, have yet to receive comprehensive upgrades.

### **State Office Building**

The State Office Building, now approaching its eightieth year, is in need of substantial renovation. As noted in Admin's 2016 capital budget submission, long-term stewardship of the building can no longer be sustained through repairs of existing systems. A facility condition assessment and predesign study conducted in 2012 found that most major building systems (plumbing, mechanical, controls, and air distribution) are rated past their useful life. The lighting system is outdated and inadequate and the windows and skylights do not meet today's energy codes. Additionally, the emergency power and emergency lighting are well beyond their rated life and may be inadequate in the event of an emergency. These deficiencies result in higher operating and repair costs and increased risk of total system failure. In addition to the infrastructure deficiencies, tenants have noted that the building's interior configuration does not meet current business needs. Offices and space for administrative functions are not separated from public corridors. This leads to congested hallways, confidentiality concerns, and less than ideal working conditions, including noise concerns, complicated access to photocopy functions, office security, and other concerns.

### **Centennial Office Building**

The 58-year-old Centennial Office Building has similar operating system concerns as the State Office Building. No major improvements have been made to the Centennial building since construction. The mechanical and lighting systems are beyond their useful lives and the building envelope is failing. The main electrical gear for the building no longer meets code and is a safety concern for those who work on it. The building has had water intrusion problems. Space within the building is extremely dated and not configured to support today's work force.

In 2015, extensive damage to post-tension cables in the Centennial Parking Ramp was discovered, necessitating immediate repairs. This requires the temporary closure of the ground floor of the ramp to shore up the structural integrity of the ramp. Inadequate funding has resulted in only partial-completion of emergency repairs. Further, as a result of no 2016 capital investment bill passing the legislature, the repair project remains stalled, with 176 spots still

closed and unusable. Additionally, the park on the roof of the facility is leaking onto the parking decks beneath and continues to cause further damage to the parking ramp.

### **Veterans Service Building**

While in better overall condition than State Office Building and Centennial Office Building, the 64-year-old Veterans Service building is also showing increasing signs of aging. Frequent and persistent leaks occur around the foundation, and several of the fifth floor window seals have failed requiring window replacement. Growth of veterans' service organizations over recent years has resulted in significant crowding in the spaces they currently occupy. With the completion of the Capitol Restoration, the Governor's Office has been relocated back to the Capitol Building, and veterans service organizations plan to occupy an additional 4,946 square feet within the building requiring additional In Lieu of Rent funding to cover that additional space.

### **Capitol Mall**

The ILR appropriation also includes expenses related to the maintenance and repairs of the lawns, gardens, sidewalks, and other outdoor areas on the Capitol Complex's ceremonial grounds. However, there is no direct funding source to maintain the memorials and monuments located throughout the ceremonial grounds and public spaces of the Capitol Complex.<sup>1</sup> These monuments vary in their condition. As noted in the Governor's 2016 capital investment recommendations, \$3.5 million in monument repairs were identified as an urgent need in the 2013 Monument Condition Study. The normal weathering process has taken a toll to the point they are beginning to deteriorate rapidly. If significant repairs are not made soon, they will begin to fall apart or have to be dismantled in order to eliminate the safety hazards that will result as they become unstable.

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<sup>1</sup> Areas on the Capitol Complex considered ceremonial grounds: The Upper Mall, Lower Mall, Judicial Plaza, Leif Erikson Park, and Cass Gilbert Park.

**2. Evaluate and justify the expense components included and assumptions made in determining lease rates and make comparisons to market rates.**

The Minnesota State Capitol area buildings are unique properties serving unique functions. There is no comparable private market comparison. Nonetheless, the lease rate calculation for the office space within the buildings is generally consistent with those used for a commercial facility. The key expense components include salaries, maintenance, building insurance, utilities, and debt financing. Appendix A provides a detailed list of expense components.

The post-restoration cost for the Capitol of \$27.15 per square foot (psf) to maintain and is unchanged from the pre-restoration psf cost. Similar to private sector leases, State lease rates often reflect both capital (debt service and depreciation) and operating costs. However, due to the uniqueness of the historic State Capitol and its substantial deterioration, the psf cost to restore the Capitol was substantially greater than the construction or renovation costs for a typical office building. For example, the \$27.15 per square foot cost would have more than tripled had tenants been responsible for covering bond repayment costs associated with the Capitol restoration. To avoid that, an historic places waiver exception was granted so that recovery of bond interest costs, or building depreciation costs for any appropriations utilized in the restoration of the State Capitol was not passed to tenants through lease rates.<sup>2</sup>

**How are lease rates set?**

Lease rates for all Admin managed buildings are set in the same manner. Maintenance and engineering staff salaries and utilities consistently represent the two largest cost factors driving lease rates. The assumptions used to calculate these costs are based on State labor collective bargaining agreements for salaries, and usage and market rates for utilities. Baseline cost computations are then adjusted to reflect operational changes such as recycling enhancements, increased office density, more energy efficient lighting, or other material changes. Remaining expense components are estimated using a standard inflation rate (1.9 percent for FY2018 and FY2019).

The two properties that account for over 90% of all ILR space—the State Capitol building (42%) and State Office Building (50%)—are both historic buildings that were originally built for usage much less intensive than experienced today. The same is true for the Governor’s Residence, which is also a historic property used more intensively than a typical private home.

When constructed, the State Capitol building housed the majority of state government, including state agency services, but the State’s population was about one-third its current population. Foot traffic was more limited, although there were more horses to accommodate. Current maintenance and engineering services require higher levels of expertise and service to meet the demands of a modern workplace while also maintaining the historic integrity of the property and providing free access to approximately 300,000 visitors annually.

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<sup>2</sup> Laws of Minnesota 2013, Chapter 136, Section 18.

Both the Capitol and State Office Building are heavily accessed by the public, making those properties subject to significantly more wear and tear than private buildings. Both buildings experience a nearly constant flow of daily traffic, much of it during cold and wet weather months. This historic usage, coupled with a substantial increase in public space and the need to maintain increased mechanical and operating systems required to comply with modern building codes contribute to an increased demand for building support services. See Appendix B for the new public spaces located in the restored Capitol. Similarly, the Governor’s Residence is used to host numerous official and ceremonial functions that go well beyond uses of a typical residence.

**Chart 3: In-lieu of Rent Dollars by Building/Category**

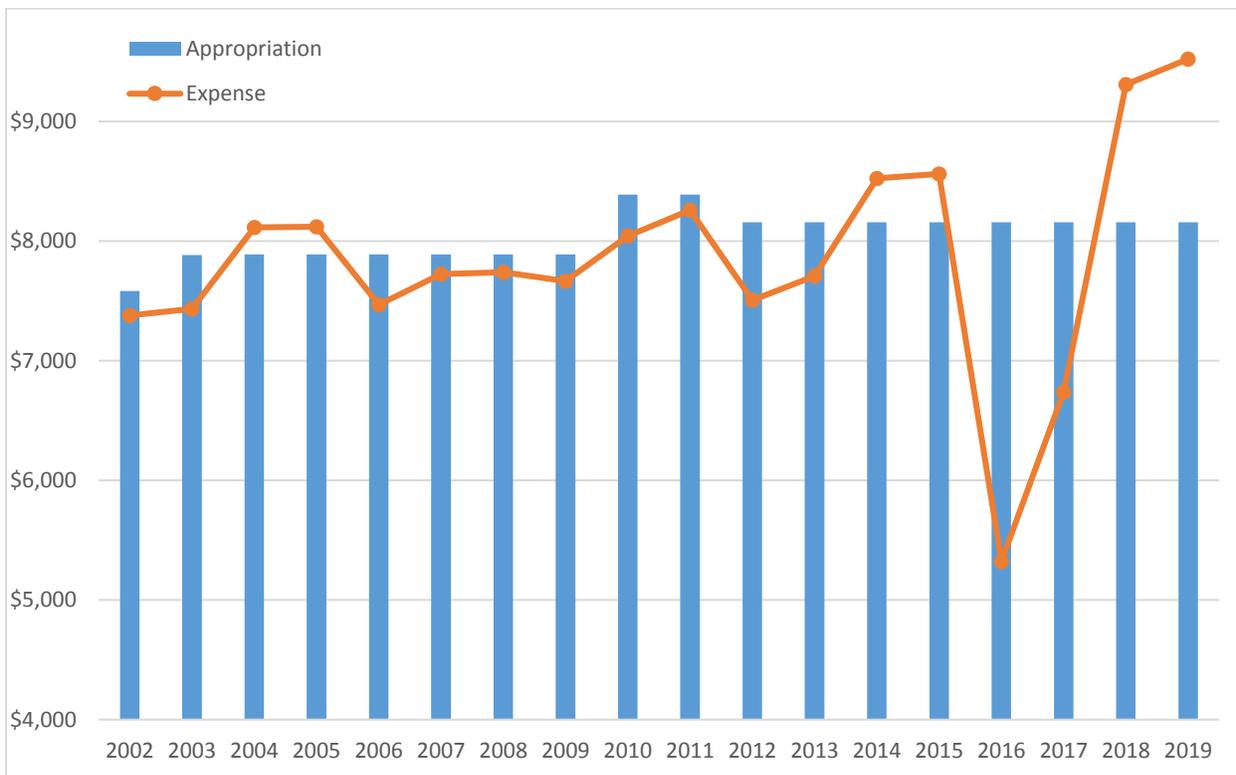
	<u>FY18</u>	<u>FY19</u>
<b>In Lieu of Rent Breakdown</b>		
<b>Ceremonial</b>		
State Capitol	721,864	721,864
Governor’s Residence	595,945	595,945
Ceremonial Grounds	919,108	920,328
<b>Total Ceremonial</b>	<b>2,236,917</b>	<b>2,238,137</b>
<b>Services for the Blind</b>		
Administration Bldg	17,518	18,403
Andersen	31,996	33,601
BCA Maryland	5,460	5,733
State Capitol	31,304	31,304
Centennial	15,576	16,048
Freeman	24,424	25,431
Judicial	675	758
Stassen	8,823	8,931
State Office Building	2,773	2,773
Transportation	8,452	8,697
Veterans Service	4,310	4,479
<b>Total Services for the Blind</b>	<b>151,311</b>	<b>156,158</b>
<b>Rent Waived</b>		
State Capitol	3,730,752	3,730,752
State Office Building	2,953,266	2,953,266
Veterans Service	301,674	312,607
<b>Total Rent Waived</b>	<b>6,985,692</b>	<b>6,996,625</b>
<b>Total - In Lieu of Rent</b>	<b>9,373,920</b>	<b>9,390,920</b>

**3. [E]valuate whether the base funding for fiscal years 2018 and 2019 for the in-lieu of rent appropriation is justified, and if not, recommend an increase or decrease.**

Adequate ILR appropriation levels are necessary to meet the needs and expectations of tenants, the thousands of people who regularly visit the Capitol and State Office Building, vocational opportunities for the blind, and veterans. Proper operation and maintenance is also essential to safeguarding the newly restored Minnesota State Capitol Building and ensure its ability to serve Minnesota for another century.

The charts below illustrate that building operating expenses have been growing, and are exceeding the current ILR appropriation. The ILR appropriation had traditionally aligned with actual expenses other than during the peak years of the Capitol Restoration Project (ILR balanced out with Rent Loss and Relocation during that time). However, relatively flat ILR appropriation levels since 2003, combined with growing costs and the somewhat higher costs of maintaining the newly restored State Capitol lead to projected expenses in FY2018 and 2019 that far exceed the current appropriation level. Chart 5 details those costs by space category.

**Chart 4: In-lieu of Rent Appropriations since 2002 with Expenses**



**Chart 5: In-lieu of Rent Shortfall (in thousands)**

<b>ILR Expenses</b>	<b>FY 2018</b>	<b>FY 2019</b>
<i>Ceremonial</i>	\$2,237	\$2,238
<i>State Service for the Blind</i>	\$151	\$156
<i>Rent Waived</i>	\$6,986	\$6,997
<b>Total</b>	<b>\$9,374</b>	<b>\$9,391</b>
<b>Current ILR Appropriation</b>	<b>\$8,158</b>	<b>\$8,158</b>
<b>Shortfall</b>	<b>-\$1,216</b>	<b>-\$1,233</b>

As summarized in the chart above, the increased funds needed to operate and maintain ILR spaces are attributable to several factors:

- The restored Capitol is served by more modern and robust mechanical systems that will need to be maintained.
- Roughly \$300,000 each year to reset Capitol labor staffing to pre-restoration levels to ensure consistent and proper maintenance of the building;
- \$175,000 per year additional funding is needed to perform recommended inspections and related preventative maintenance in accordance with the restored Capitol’s maintenance protocol.
- The amount of space covered by the ILR appropriation is increasing by approximately 30,000 square feet.

In addition to the ILR appropriation, periodic funding will be needed to fund cyclical asset preservation work on the State Capitol going forward, such as for exterior tuck-pointing and window frame painting that will occur on five or ten year cycles.

As mentioned previously, a key variable in the operational costs of the restored Capitol is the transition of former office space into public areas. That is expected to create greater building usage throughout the year as well as the need for greater maintenance needs due to multiple users throughout the day of reservable areas. At a minimum, staffing levels of maintenance and engineering staff must return to pre-2011 levels to meet these needs. Operation of a reservations system and the appropriate insurance levels are additional variables. Finally, events occurring after normal business hours will mean increased operating time for the building’s mechanical systems.

The Minnesota State Capitol Preservation Commission supported a recommendation to increase the \$8.158 million annual ILR base appropriation by \$1.216M in FY2018, and by \$1.233M each year thereafter. The commission recognizes that adequately funding operations and maintenance within the Capitol is necessary to be good stewards of, and protect the State’s \$310 million investment in the historic Minnesota State Capitol. Lack of prior investment was a primary cause of the Capitol’s deterioration into its pre-restoration condition.

To facilitate operations and maintenance planning of these public buildings, the department recommends ILR be converted to an open appropriation. Since rates are consistently calculated each biennium by Commissioner of Administration and approved by the Commissioner of Minnesota Management & Budget, there is a process in place to adjust the appropriation each biennium. This mechanism would ensure the needed funds are being dedicated to properly maintain legislative and ceremonial facilities, and the rent for legislatively recognized tenants such as Congressionally-chartered veterans' organizations and State Services for the Blind is fully funded. Establishing the ILR appropriation as an open appropriation would result in an efficient and effective mechanism to operate and maintain these important facilities for the future.

## Tenant Consultations

***(3)(c) In conducting the evaluation and preparing the report, the commissioner must consult with the secretary of the senate, the chief clerk of the house of representatives, the commissioner of employment and economic development on behalf of the services for the blind, and the commissioner of veterans affairs on behalf of veterans organizations that use space for which the Department of Administration receives an in-lieu of rent appropriation.***

Admin conducted a survey of tenants that use space in areas for which the department receives ILR appropriations. The purpose was to evaluate:

- Quality and functionality of office space
- Quality and functionality of public/common space
- Responsiveness and quality of Admin maintenance and custodial services
- Satisfaction with In-lieu of rent financing arrangement

In general, each of the tenants responded positively to the services provided by Admin's cleaning and maintenance personnel. They generally felt that Admin personnel are responsive and take good care of the facilities.

Tenants in both the State Office Building and Veterans Service Building expressed that their current space did not meet the operational needs of their organizations. It was noted that despite the responsiveness of Admin staff, the State Office Building's mechanical systems were too old and needed to be updated.

The Veterans' Service Organizations and the State Services for the Blind favored keeping the current ILR funding arrangement. No tenant suggested eliminating the current ILR arrangement.

## Appendix A

### Expenses Included in Facilities Management Lease Rates

- ❑ Salaries & Benefits: salary and benefit costs for all Admin positions funded by Leases including janitorial, maintenance engineering, trades, grounds, accounting, recycling, trash removal, etc. Also includes agency allocation and workers compensation insurance premiums.
- ❑ Utilities – Electric
- ❑ Utilities – Water
- ❑ Utilities – District Heat
- ❑ Utilities – District Cooling
- ❑ Utilities – Gas & Other: includes gas for heating and non-heating, propane for heating, etc.
- ❑ Repairs & Maintenance: includes elevator and other maintenance, filter media replacement at Minnesota History Center, equipment and building repairs, window washing, general recycling services, hauling fee, Ely maintenance engineering services, etc.
- ❑ Maintenance & Leasehold (M&L): carpet replacement, painting, window treatment replacement, duct cleaning, roof repairs or replacement, concrete repairs or replacement, tuckpointing, etc. Retirement Systems Building (RSB) directly funds M&L expenses for their facility.
- ❑ Professional/Technical Services: includes pre-employment physicals, architectural and engineering fees for repair projects, etc.
- ❑ Supplies: includes janitorial supplies, light bulbs, air filters, office supplies, printers, recycling containers, gasoline for vehicles, etc.
- ❑ Purchased Services: includes Admin and Trustee fees associated with debt service at Andersen and Freeman, integrated pest management, uniform rental for Admin employees, rental of mops, costs for locating utility lines, snow plowing at MHC and RSB, Revenue monitor, Ely janitorial services, etc.
- ❑ Insurance: Building insurance for buildings under Admin’s custodial control and Admin vehicle insurance. Does not include content insurance for building tenants. RSB, MHS, and Fleet and Surplus Services directly pay building insurance for their facilities.
- ❑ Statewide Indirect Costs: allocation of statewide general support costs as determined by the Department of Minnesota Management and Budget. Also includes legal fees for the Attorney General.
- ❑ Centralized IT Costs: includes phone and data lines, cell phones, computers, and @Agency costs.
- ❑ Vehicle Leases: rental of vehicles through Admin’s Fleet Services.
- ❑ Other Operating Costs: includes Storm Sewer and Right of Way (formerly street maintenance) fees paid to the St. Paul, Ramsey County environmental charges, rental of generator at Transportation, parking space rental for Admin vehicles, travel expenses, printing and advertising, etc.
- ❑ Intrafund Expenses: includes rent expenses for space occupied by Admin’s Facilities Management Division.

- ❑ Depreciation: includes depreciation of Admin's Facilities Management Division's equipment (value of \$5,000 or higher) such as vehicles, auto scrubbers, and file servers; depreciation of facility improvement projects, and capitol complex chiller; and depreciation of infrastructure.
- ❑ Bond Interest: payments to General fund or Facility Repair and Replacement account. Payments made over 20 years. RSB directly handles debt service (including bond interest) for their facility.
- ❑ Building Depreciation: payments to Facility Repair and Replacement account, General Fund or Truck Highway Fund. Payment schedule is based on life cycle of building or construction projects. RSB directly handles building depreciation for their facility.
- ❑ Debt Service: payment of debt service for Andersen and Freeman buildings which were financed through the St. Paul Port Authority, and Minnesota Senate Building (MSB) debt service.
- ❑ Building Replacement Funds: payment to a separate fund to be used for future major building repairs at Andersen, Freeman, and MSB.

## Appendix B

### **New Public Space in the Minnesota State Capitol Building\***

In addition to spaces that have historically served a public purpose (the Rotunda, the Great Hall, the North Hall), the restoration added public space to the following areas:

Room #	Location
B015 Reservable Gathering and Exhibition	Large gathering space at basement level, below the Rotunda and Room 15
B610 Dining	On the basement level, the public dining section beyond the Rathskeller is significantly expanded
B630 Reservable Dining Room	Basement level, Historic Justices Dining Room
B420 Reservable Dining Room	Basement level, Historic Governor's Dining Room
321 Exhibit	On the third floor, east wing, south hall, there is gallery space.
318 Flexible Work Space	On the third floor, east wing, south hall, there is flexible work space
317B Reservable Conference Room	On the third floor, east wing, south hall, there is a small corner conference room
317A Library	At the end of the third floor east wing hall is the Cass Gilbert Library
317 Reservable Conference Room	On the third floor, east wing, north hall, there is a small corner conference room
316 Reservable Conference Room	On the third floor, east wing, north hall, there is a large conference room
309A Conference Room	On the third floor, west wing, north hall, there is a small conference room
Loggia	On the second floor, on the south side of the building, there is access to the loggia

\*The State Capitol Space Agreement language states: "During legislative session, the House and Senate will be provided the first opportunity to Schedule the Public Rooms for legislative functions".