

Project Title	Agency Priority	Strategic Score	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
				2004	2006	2008	2004	2006	2008
SPRTC - New Facilities Sex Offender Program	1	455	GO	\$3,000	\$39,600	\$0	\$3,000	\$39,600	\$0
System-Wide Campus Redvelopment/Reuse/Demolition	2	485	GO	6,150	6,338	0	6,150	6,338	0
System-Wide Roof Repair and Replacement	3	420	GO	1,014	2,745	2,864	1,014	1,000	1,000
System-Wide Asset Preservation	4	415	GO	5,000	4,000	4,000	4,000	4,000	4,000
BRHSC - Convert Power Plant to Low Pressure			GO	0	2,965	4,414	0	0	0
SPRTC - Phase II Upgrade Shantz/Pexton			GO	0	835	9,573	0	0	0
SPRTC - Bartlett/Sunrise Improvements			GO	0	0	4,000	0	0	0
Moose Lake MSOP Facility - Construct 50-Bed Addition (Design Funds)			GO	0	0	1,300	0	0	0
SPRTC - Security Hospital - Construct 50-Bed Addition (Design Funds)			GO	0	0	1,300	0	0	0
Moose Lake MSOP Facility - Upgrade Ship/Rec/Storage			GO	0	0	500	0	0	0

Project Total	\$15,164	\$56,483	\$27,951	\$14,164	\$50,938	\$5,000
General Obligation Bonding (GO)	\$15,164	\$56,483	\$27,951	\$14,164	\$50,938	\$5,000

Funding Sources:	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

Agency Profile At A Glance**Health care programs**

Over 575,000 people served in FY 2002:

- ◆ Medical Assistance (MA): 408,000 people
- ◆ MinnesotaCare: 138,000 people
- ◆ General Assistance Medical Care (GAMC): 30,000 people
- ◆ Prescription Drug Program: 6,900 people

Economic assistance programs

- ◆ Food Stamps: 212,000 people
- ◆ Minnesota Family Investment Program (MFIP): 43,300 families
- ◆ General Assistance: 10,500 people
- ◆ 268,400 children assisted through child support enforcement
- ◆ \$553 million in child support payments collected in FY 2002
- ◆ 27,300 families received child care assistance for 47,800 children in FY 2002

Child welfare services

- ◆ Of the almost 17,200 children in out-of-home placement in 2002, more than 11,300 children received care from foster families.
- ◆ Almost 6,400 children were cared for by adoptive parents or relatives who receive financial assistance and support for children's special needs.
- ◆ About 600 children under state guardianship were adopted in 2002.

Mental health services

- ◆ Nearly 25,000 adults with serious and persistent mental illness receive publicly funded mental health services.
- ◆ Almost 20,000 children receive publicly funded mental health services.

Operations and two-year state budget

- ◆ FY 2004-05 \$7.2 billion general fund budget
- ◆ FY 2004-05 \$15.9 billion all funds budget
- ◆ 80% of DHS' general fund budget is spent on health care and long-term care programs and related services
- ◆ 39,000 health care providers

- ◆ 41.5 million health encounters and claims processed
- ◆ Approximately 97% of DHS' budget goes toward program expenditures
- ◆ Approximately 3% of DHS' budget is spent on central office administration

Agency Purpose

The Minnesota Department of Human Services (DHS) helps people meet their basic needs, live as independently as possible and achieve their highest potential.

Ensuring basic health care for low-income Minnesotans

- ◆ Medical Assistance (MA), Minnesota's Medicaid program for low-income seniors, children and parents, and people with disabilities.
- ◆ MinnesotaCare, for residents who don't have access to affordable private health insurance and don't qualify for other programs.
- ◆ General Assistance Medical Care (GAMC), primarily for adults without dependent children.
- ◆ Prescription Drug Program to help low-income seniors and people with disabilities pay for prescription drugs.

Helping Minnesotans support their families

DHS works closely with counties to help low-income families with children achieve self-sufficiency, through programs such as the Minnesota Family Investment Program (MFIP, the state's welfare reform initiative), child support enforcement, child care assistance, food stamps, and refugee cash assistance and employment services.

Aiding children and families in crisis

The department supports families to ensure that children in crisis receive the services they need quickly and close to home so they can lead safe, healthy and productive lives. DHS principally guides statewide policy in child protective services, out-of-home care, permanent homes for children and children's mental health services.

Assisting people with disabilities

The department promotes independent living for people with disabilities by encouraging community-based services rather than institutional care. The department sets statewide policy and standards for care, and provides funding for:

- ◆ developmental disability services
- ◆ mental health services
- ◆ chemical health services

The department also provides services for people who are deaf or hard-of-hearing through its regional offices in Bemidji, Duluth, Fergus Falls, St. Cloud, St. Paul, St. Peter, Rochester and Virginia.

Direct care safety net services for people with disabilities whose needs cannot be met in other ways through an array of campus- and community-based programs serving people with mental illness, developmental disabilities, chemical dependency and traumatic brain injury. This includes six regional treatment centers in Anoka, Brainerd, Fergus Falls, Moose Lake, St. Peter and Willmar, and a state-run nursing home in Ah-Gwah-Ching, near Walker.

Promoting independent long-term care options for older Minnesotans

The department supports quality care and services for older Minnesotans so they can live as independently as possible. Quality assurance and fiscal accountability for the long-term care provided to low-income elderly people — including both home and community-based services and nursing home care — are key features of these efforts.

Operations

DHS has a wide variety of customers, including the state's 87 counties, 39,000 health care providers, and more than 575,000 Minnesotans who are clients or enrollees in DHS programs. Most of Minnesota's human services programs are administered locally, at the county level, although DHS provides significant operational infrastructure.

DHS licenses an array of service providers, including child care centers, group homes, and treatment programs for people with chemical dependency, mental illness or developmental disabilities.

DHS' operations also support other providers who directly serve Minnesotans. DHS oversees computer system support for: MAXIS, which determines eligibility for economic assistance programs; PRISM, the child support enforcement system; the Medicaid Management Information System (MMIS), which pays medical claims for publicly funded health care programs; and the Social Service Information System (SSIS), an automated child welfare case management system for child protection, children's mental health and out-of-home placement; and MEC², the Minnesota Electronic Child Care system.

Budget

DHS is one of the state's largest agencies, comprising 34% of the state's total spending. The department's 2004-05 budget from all funding sources totals \$15.9 billion. Of the total budget for the biennium, \$7.2 billion comes from general fund tax dollars. The remaining \$8.7 billion comes from federal revenue and other funds, such as the Health Care Access Fund. Department staff includes approximately 5,900 full-time equivalent employees

Contact

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At A Glance: Agency Long-Range Strategic Goals**Minnesota Department of Human Services (DHS)**

- ◆ Help people meet their basic needs, live as independently as possible and achieve their highest potential
- ◆ Ensure basic health care for low-income Minnesotans
- ◆ Help support Minnesota families
- ◆ Aid children and families in crisis
- ◆ Promote independent living for seniors
- ◆ Assist people with disabilities

State Operated Services

- ◆ Provide direct care safety net services for people with disabilities whose needs can not be met in other ways
- ◆ Reduce the state's cost of caring for persons with serious and persistent mental illness (SPMI)
- ◆ Continue the transition of State Operated Services for mentally ill from the regional treatment centers to community-based services
- ◆ Reduce/eliminate the large amount of non-functional surplus space throughout the Regional Treatment Center (RTC) system
- ◆ Continue to address critical repair, replacement, and renewal needs specific to the physical plants of the RTC

Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs**Other Issues - Central Office**

The 2002 legislature approved the development of new facilities for the Department of Agriculture (MDA), Department of Health (MDH) and DHS. The new office building for DHS will be located on Cedar Street between 10th and 11th Streets, Saint Paul. Site work begins in December 2003.

All three buildings are scheduled to be completed and ready for occupancy in the fall of 2005. It is understood that funds to cover the cost of moving these state agencies into the new facilities is included in the Department of Administration's 2004 Capital Budget request for agency relocation.

Corresponding operating costs for FY 2006 will be reflected in the agency's 2005 biennial budget.

Trends - State Operated Services

Since its peak in 1960, when state operated residential facilities served an average daily population of 16,355 persons, RTC population levels have steadily declined as part of a deliberate state strategy to integrate persons with disabilities into their home communities where it is beneficial and appropriate to do so. The present licensed capacity of the RTC system is approximately 3,000 beds and the RTCs collectively serve an average daily population of approximately 1,780 persons on their campuses.

This downsizing trend is a result of advances in the treatment of persons with disabilities, coupled with a recognition that all individuals can participate at some level in the activities of daily life in community settings. With increased emphasis on creative and flexible client services in the community, the need for institutional based services will continue to decline. The definition of the state's "safety net" for vulnerable populations is evolving. More and more this "safety net" function emphasizes outreach, training for community providers, and crisis intervention in the community instead of the historic practice of removing the client from their home or community and placing them in RTC campus based programs.

Mental Illness (MI)

Mental Illness programs are currently operated at Anoka, Brainerd, Fergus Falls, St. Peter, and Willmar RTCs, as well as several community-based services in Duluth and Eveleth. The RTC adult MI average daily population was 853 in August 2003, including 180 patients served by Minnesota Security Hospital (MSH), 48 forensics patients in transition, and 190 Sexual Psychopathic Personality (SPP) patients served by the Minnesota Sexual Offender Program (MSOP) at Moose Lake and St. Peter. Since 1984, RTC annual admissions and discharges have increased dramatically, but average daily population has slowly declined due to significant reductions in the average length of stay. In the past patients often spent a year or more in treatment; however, today the average length of stay at RTCs is less than 100 days. This decline is directly attributable to the development of new psychotropic medications that have been successful in controlling the symptoms of MI.

In 1995, DHS took deliberate steps to systematically redistribute staff resources. However, in recognition of the state's commitment to community based care, staff resources were assigned to community outreach functions. This permitted the state to reduce the planned bed capacity of the new Anoka-Metro RTC psychiatric hospital from 300 to 150 beds, while still effectively meeting the needs of patients in the metropolitan area.

Also in 1995, the department began establishing creative partnerships between the RTCs and the local mental health authorities in the regions served by the RTC. The purpose behind this effort is to build upon and strengthen the existing community mental health system and utilize state staff and resources to support patients after they are discharged from the hospital in order to help clients handle crises in the community and avoid reentering the hospital. Implementation of these efforts continues and should result in even further reductions in campus based psychiatric services and downsizing of on-campus bed capacity.

Governor Pawlenty's 2004-05 budget proposal built on these types of reforms by fostering a broad array of community-based mental health services. This budget proposal began to address concerns that 20% to 30% of people in inpatient psychiatric settings and 30% of those in residential treatment facilities could be better served in alternative settings. It also explores the need for a range of permanent housing options for people who have a mental illness.

Psychopathic Personality / Sex Offender Needs

Capital funds were appropriated during the 2000 session to develop the first phase of a two-phase project to add additional secure facilities for this population on the St. Peter RTC campus. Phase one focuses on renovating Pexton Hall to develop 100 secure beds for this population. Phase two, (listed in the six-year capital plan) will focus on remodeling Shantz Hall and the development of additional programming space for this population in proximity of the Pexton/Shantz Building complex on the lower campus. For planning purposes, a project to construct an additional 50-bed residential unit at the Moose Lake or St. Peter facility was also included in State Operated Services preliminary six-year capital plan.

Change in Plans for Developing Additional Capacity

During the final stages of completing the 2004-09 Capital Budget Request, State Operated Services made a shift in plans for addressing capacity issues for persons committed to the state as SPP, sexually dangerous persons (SDP), and persons committed as mentally ill and dangerous (MI&D). A new project was added to the capital plan to construct new facilities with a 150-bed capacity on the St. Peter campus.

The growth rate for this population was anticipated to grow at a rate of 15 to 18 per year; however, in the late fall of 2003 the Department of Corrections (DOC) changed its policies regarding referral to civil commitment of level-three sex offenders upon completion of their sentences. This new approach for referral by DOC is projected to increase civil commitments to the sex offender treatment program to 36 per year and will require the program to open a new 24-bed unit every eight months.

Based on this new rate of admissions, and the length of treatment, the population of this program will reach 300 by March 2006, 400 by December 2008, and 500 by October 2011. As a result of the increased referrals, the original two-phased plan is no longer tenable. The need to expedite bed capacity development is requiring DHS to delay the design and construction of the Shantz Hall remodeling project until 2006-08. Shantz Hall will continue to be used to handle new admissions while the 150-bed facility is constructed under the revised capital plan.

Developmental Disabilities (DD)

In 1960 the RTCs provided residential care for 6,008 individuals with mental retardation and other developmental disabilities. By the end of FY 1997, this number had declined to 244. In June 2000 DHS completed the transition to community placements for the remaining population. This downsizing of campus-based DD programs has been accomplished in part through the development of state operated day training and habilitative (DT&H) programs and waiver services in community settings. "Safety net" services for persons with DD have been redefined to include community support service teams throughout Minnesota and the small Minnesota Extended Treatment Options (METO) program facility located on part of the old Cambridge RTC campus.

The METO program has a capacity of 48 beds for individuals who present a public safety risk and/or who have involvement with the criminal justice system. Construction of the first 36 beds was completed in the spring of 1998. Construction of 12 additional beds was completed in the fall of 2001. State Operated Services has no plans to expand the program facilities at this time. However, the design of the METO residential units will allow for incremental bed development in modules of six or 12 should additional capacity be required in the future.

Chemical Dependency (CD)

Since January 1988, the RTC CD programs have operated as an enterprise operation and competed in the marketplace with other vendors for CD funding from the Consolidated Chemical Dependency Treatment Fund (CCDTF) and other third party sources. The average daily population as of August 2003 was 224. The state operated CD system has captured a defined market niche and the operations remain stable.

Nursing Homes (NH) / Long Term Care (LTC)

DHS's involvement as a provider of NH services is principally limited to the Ah-Gwah-Ching Center (AGCC), which is licensed for 343 beds and had an average daily population of 135 as of August 2003. In addition, the Brainerd Regional Human Service Center (BRHSC) operates a small 28-bed program. The August 2003 average daily population at the BRHSC nursing home was 13. Both programs serve adults with mental illness who are eligible for nursing home level of care.

Other Forces Impacting Capital Planning

As community-based services for mental health continue to develop, more buildings will become unoccupied on the RTC campuses. As the resident tenant of state property, the responsibility to maintain vacant and unused buildings and grounds falls to the RTC system. The costs of these maintenance efforts are consuming a greater proportion of the funding allocated to the state operated system. Accordingly, DHS, in conjunction with the Department of Administration, is taking steps to sell or demolish the surplus property and buildings.

Comprehensive Redevelopment Plans (Master Plans)

The 2003 legislature authorized DHS to collaborate with local government entities to complete a comprehensive redevelopment plan (master plan) for

the future use of the RTC campuses (grounds and vacant buildings) vacated as a result of further expansion of community-based care. The department intends to complete this process for Ah-Gwah-Ching, Fergus Falls, Willmar, and Brainerd campuses over the next two to four years. This time period coincides with the development of enhanced mental health services in the community, resulting in decreased RTC utilization.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

Self-Assessment – Central Office: Upon completion and occupancy of the new central office in the fall of 2005, DHS will consolidate its central office from eight sites to three sites. The new facility will allow department employees to increase productivity by operating in modern facilities utilizing more advanced technology. Furthermore, the time committed to commuting to and from central offices will be greatly reduced.

Self Assessment – State Operated Services: Over the last 25 years facilities have been constructed/remodeled for the MSH at St. Peter, the Anoka-Metro RTC, the METO program at Cambridge, and the MSOP at Moose Lake and St. Peter. Renovation has also been completed on the Brainerd campus to accommodate adolescent mental health programs, chemically dependency programs, and the traumatic brain injury program. Remodeling was also completed on the Willmar campus for adult mental health, adolescent mental health, and the chemical dependency programs. With the exception of developing additional secure facilities for the continued growth of the psychopathic personality population, projected improvements for these campuses over the next six years will focus on replacing and upgrading antiquated and worn infrastructure with requests for asset preservation.

For a number of years, improvements at the Fergus Falls and Ah-Gwah-Ching campuses have been limited to: life-safety and other code required improvements; basic infrastructure upgrade/replacement; preservation of the existing assets (roof replacement, tuckpointing, window replacement, etc.); and minor remodeling such as bathroom renovation. Buildings on these campuses would need considerable investment if they were to be used to house State Operated Services programs in the future.

Long-Range Strategic Goals and Objectives of State Operated Services:

Historically, one of the primary roles of State Operated Services in the mental health system has been to provide inpatient care to persons with SPMI. This also happens to be one of the most expensive services in the mental health system, and to the extent that there is over-capacity in those programs, resources are not available for other important community mental health programs.

Another primary role of State Operated Services as required by various laws (M.S. 246B.02, 253B.18, and 253B.185) is to accept individuals who are committed by the court system as MI&D, SDP, or SPP into the Forensic Service Treatment programs located at St. Peter and Moose Lake at anytime.

The first strategic objective is to reduce the state's cost of caring for SPMI patients in a way that does not compromise quality of service. DHS seeks to accomplish this objective by keeping the number of long-term SPMI beds to a minimum in the following ways: taking steps to reduce the lengths of stay of SPMI patients; redirecting staff resources to outreach services in the community; and by expanding community-based mental health services. The successful closure of the Moose Lake RTC in 1995 and the current creative partnerships established through the MI pilot law demonstrates the success of the state's community integration policy.

The second strategic objective focuses on the need to ensure that the state maintain an adequate bed capacity required to serve the increased number of persons being committed to the state's forensics programs. As previously mentioned, the projected increase in commitments to the sex offender treatment program will place significant demands on the system.

The third strategic objective focuses on the reduction/elimination of the large amount of non-functional surplus space throughout the RTC system. In the spring of 2001, DHS initiated a program to address this issue with the objective to convert surplus property to other ownership. In addition, funds were requested and appropriated during the 2002 legislative session to start the process of demolishing buildings that are determined to be non-functional and/or are considered to have exceeded their useful, designed life.

The fourth strategic objective relates to asset preservation. This objective centers on the need to address critical repair, replacement, and renewal needs specific to the physical plants of RTCs. Extensive assessments of the facilities include the following: safety hazards, code compliance issues, and mechanical and structural deficiencies; major mechanical and electrical utility system repairs/replacements/improvements; abatement of asbestos containing materials; roof work and tuck pointing; and other building envelope work such as window replacement, elevator repairs/upgrades, and road/parking lot maintenance. Asset preservation projects included in this capital plan are consistent with the anticipated needs of the evolving state operated mental health service system.

Agency Process Used to Arrive at These Capital Requests

Agency Process - Central Office: The capital request for agency relocation to facilitate the move to the new buildings was developed by the Department of Administration, with assistance from the three state agencies and appropriate consultants.

Agency Process - State Operated Services: Each State Operated Service program was asked to establish a well-defined, long-range operational program for its facility. These operational programs are updated biennially with the intent to outline and describe services to be provided, methods of delivering these services, and resources required for providing these services in the future. These operational programs must demonstrate a strategic link to the agency's system-wide strategic plan. Upon review and approval of each facility's operational strategic plan, the facilities initiate long-range capital planning. This process includes:

- ◆ a comprehensive facilities analysis and planning program;
- ◆ identification of viable alternatives for meeting future physical plant needs;
- ◆ identification of any surveys or studies (predesign) that may be required to assess viable alternatives;
- ◆ a long range space utilization plan; and
- ◆ a preliminary campus master plan.

After completion of this work each facility revises their long-range (six-year) physical plant project budgets. These six-year plans should outline all capital projects proposed for the facility and also identify all known physical plant deficiencies, scheduled maintenance, or proposed/required improvements. Each project is evaluated and listed in the appropriate budget category (R&R, R/R Special Projects, Asset Preservation, Capital Asset Preservation and Repair Account (CAPRA), Capital, etc.) This information is then used to:

- ◆ establish potential costs associated with improving specific buildings or groups of buildings;
- ◆ determine the appropriateness of related or proposed expenditures;
- ◆ assess alternatives for meeting an individual facility's operational program; and
- ◆ develop recommendations for the agency's senior staff to review and consider for inclusion in the agency's Six-Year Capital Budget Plan.

The following six-year plan outlines an incremental plan for improving and upgrading the physical plant resources required to support future operational programs at the State Operated Services facilities in accordance with the strategic goals and objectives outlined in preceding sections of this Strategic Planning Summary document.

In addition, the Department of Administration's 2004 request for agency relocation identifies the financial resources needed to support the future consolidation of DHS's central offices and facilitate the occupancy of the new office facility being constructed on 11th and Cedar Streets in the fall of 2005.

Major Capital Projects Authorized in 2002 and 2003 (\$000's)

Laws of Minnesota, 2002, Chapter 393, Section 22		\$ 16,533
State-Wide	Roof Renovation and Repair	\$ 2,789
State-Wide	Asset Preservation	\$ 4,000
State-Wide	Demolition	\$ 2,750
Fergus Falls RTC	Facilitate relocation of programs from The Kirkbride Building	\$ 3,000
St. Peter RTC	Convert Steam System to Low Pressure	\$ 3,619

SPRTC - New Facilities Sex Offender Program

2004 STATE APPROPRIATION REQUEST: \$3,000,000

AGENCY PROJECT PRIORITY: 1 of 4

PROJECT LOCATION: St. Peter Regional Treatment Center

Project At A Glance

- ◆ Develop additional secure bed capacity (150-beds) for individuals committed into the Minnesota Sex Offender Program (MSOP) as sexual psychopathic personalities (SPP), sexually dangerous persons (SDP), and persons committed as mentally ill and dangerous (MI&D).
- ◆ Design of the residential/treatment program facilities at the St. Peter Regional Treatment Center (SPRTC) occurs in 2004.
- ◆ Construction and purchase of furnishing, fixtures and equipment occurs in 2006 and the project is to be completed in 2008.

Project Description

This request is for funds to plan, design and develop construction documents for new secure facilities required to accommodate the projected increased rate of referrals of individuals committed as SPP, SDP, and persons committed as MI&D. The proposed capacity of these new facilities is 150 beds and is expected to be complete in 2008.

These new residential and program/activity buildings are being proposed for the lower campus of the SPRTC. Design funds are being requested for the 2004 session and funds for construction of the new facilities will be requested during the 2006 session. Projected construction costs are based on historic costs of developing facilities at Moose Lake with similar design criteria.

Change in Plans for Developing Additional Capacity

The request to construct new facilities reflects a change in DHS's plan to develop additional secure facilities in the sexual offender treatment program. Originally, a two-phased project at SPRTC was planned to renovate Pexton Hall and Shantz Hall for residential facilities, constructing a connecting link

between these two buildings, and constructing a new multi-purpose building for programming activities. Construction of new facilities was part of the long-range planning for the sex offenders treatment program; however, the need for these facilities was projected to be many years out.

The admission rate for SPP/SDP commitments was anticipated to continue at a rate of 15 to 18 per year. In the late fall of 2003, the Department of Corrections (DOC) changed its policies associated with the referral to civil commitment of level-three sex offenders upon completion of their sentences. This new approach for referral by DOC is projected to increase civil commitments to the sex offender treatment program to 36 per year and will require the program to open a new 24-bed unit every eight months. Based on this new rate of admissions, and the length of treatment, the population of this program will reach 300 by March 2006, 400 by December 2008, and 500 by October 2011.

The increased referral rate does not allow adequate time to complete the Shantz Hall remodeling by the time Pexton Hall is ready to occupy patients and fill the additional beds (March 2006). Additionally, Shantz Hall will continue to handle new admissions while the new 150-bed facility is constructed under the revised plan to meet the projected increased commitments.

The revised plan for maintaining capacity in the sex offenders treatment program is to implement the Shantz Hall remodeling in 2008. The construction of the 150-beds will provide adequate time to complete the Shantz remodeling project before the new beds are filled. Funds for designing the Shantz renovation will be requested in 2006 and construction funds will be requested in 2008. Completion of the revised plan for the St. Peter campus will provide a total program bed capacity of 550 beds, which meet program space requirements until March 2013 based on 36 commitments per year.

Background

In the early 1990s the state experienced a significant growth in the number of individuals committed as SPP/SDP. Based on projected referrals to the program, the 1993 legislature authorized the construction of a 100-bed secure facility in Moose Lake and a 50-bed expansion of the Minnesota Security Hospital (MSH) in St. Peter.

SPRTC - New Facilities Sex Offender Program

Throughout the mid to late 1990s the SPP/SDP population expanded at a rate of 15 to 18 persons annually, and by 1997 there were 121 individuals under SPP/SDP commitment. This continued growth required additional bed space be created and the legislature appropriated funds to construct two additional 25-bed units at the Moose Lake facility.

The 50-bed expansion was completed in the summer of 2000 and brought the total bed capacity of the MSOP to 200 beds (150 beds at the Moose Lake facility and 50 beds at the MSH in St. Peter). During the same time period the population increased to 167 and as a result, there was a need to continue the planning and development of additional secure capacity for SPP/SDP committed persons for both the short and long term. DHS reviewed the options and proposed the multi-phased renovation/construction project to develop the Shantz and Pexton Buildings at St. Peter into a secure complex to increase capacity for the sex offender program by 200 beds. The Legislature appropriated \$7.2 million for Phase One during the 2000 Legislative Session.

The admission rate for the SPP/SDP commitments during 2000-03 continued at approximately 18 per year, and on 12-1-03, the population of SPP/SDP committed persons had increased to 209, exceeding the 200 bed capacity of the program. To accommodate the continued increase in population, a 25-bed unit in Shantz Hall was opened in the fall of 2003. Shantz Hall has capacity to provide up to four 25-bed units as the population continues to increase and the new beds are developed. However, long-term use of Shantz will require the implementation of the renovations proposed in the original Shantz/Pexton project proposal.

Phase One, the renovation of Pexton Hall, is scheduled for bidding in February 2004, and occupancy in July 2005. The Department of Human Services (DHS) planned to request funds to design Phase Two (Shantz Hall renovation, and construction of the connecting link and new program facilities) during the 2004 session and to request funds for renovation, construction, furnishings, fixtures, and equipment, etc., during the 2006 session. The Shantz project would have added 100 additional beds for a total program capacity of 400 new/remodeled beds by 2008. Additionally, the six-year plan outlined DHS's plan to add a 50-bed unit to the Moose Lake facility to address future capacity requirements. Longer-range plans

proposed adding new units to the MSH and/or constructing new facilities to the Shantz/Pexton secure program facilities.

The change in policy by the DOC regarding referral of sexual offenders and the subsequent projected increase in commitments resulted in DHS revising its plans for developing new capacity for its forensics programs. Upon occupancy of the new facilities in 2008, the Shantz remodeling project will be implemented and ready for occupancy in the fall of 2009, bringing the total program capacity to 550 beds.

Impact on Agency Operating Budgets (Facilities Notes)

The increasing sex offender population will impact the agency's operating budget. Please refer to the Project Detail page for this project to review the change in operating costs.

Previous Appropriations for this Project

No previous funds have been appropriated for this particular request. The legislature did appropriate \$7.2 million for Phase One (remodel Pexton Hall) of the original two-phase project.

Other Considerations

The six-year plan outlines DHS's plan to request design funds to add 50 beds at the Moose Lake site and 50 beds to the MSH during the 2008 session if admissions continue as currently projected.

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Governor's Recommendations

The Governor recommends general obligation bonding of \$3 million for this project. Also included are budget planning estimates of \$39.6 million in 2006 to complete funding for the project.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	2,671	0	0	2,671
4. Project Management	0	0	0	0	0
5. Construction Costs	0	0	33,404	0	33,404
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	1,859	0	1,859
9. Inflation	0	329	4,337	0	4,666
TOTAL	0	3,000	39,600	0	42,600

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	3,000	39,600	0	42,600
State Funds Subtotal	0	3,000	39,600	0	42,600
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	3,000	39,600	0	42,600

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	4,363	7,290	7,325	18,978
Other Program Related Expenses	1,076	1,796	1,795	4,667
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	5,439	9,086	9,120	23,645
Revenue Offsets	<1,198>	<1,452>	<2,367>	<5,017>
TOTAL	4,241	7,634	6,753	18,628
Change in F.T.E. Personnel	79.5	39.8	83.7	203.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	3,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

SPRTC - New Facilities Sex Offender Program

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	105
Customer Service/Statewide Significance	0/35/70/105	105
Agency Priority	0/25/50/75/100	100
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	0
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	25
Total	700 Maximum	455

System-Wide Campus Redevelopment/Reuse/Demolition

2004 STATE APPROPRIATION REQUEST: \$6,150,000

AGENCY PROJECT PRIORITY: 2 of 4

PROJECT LOCATION: Statewide

Project At A Glance

- ◆ Upgrade building/facility components to facilitate redevelopment/reuse of surplus Regional Treatment Center (RTC) properties
- ◆ Demolish old, non-functional buildings and infrastructure considered non-functional for redevelopment/reuse or determined too expensive to redevelop for an alternative reuse
- ◆ Address other issues associated with disposition of surplus property

Project Description

This capital budget request is for funds to address issues associated with the disposition of the large amount of surplus land and buildings in State Operated Services (SOS) RTC system. This request focuses on several key objectives:

- ⇒ Repair, replace and/or improve key building components and basic infrastructure necessary to support initiatives to redevelop/reuse surplus RTC properties on the Ah-Gwah-Ching, Brainerd, Fergus Falls, and Willmar campuses, especially buildings listed on the National Register of Historic Sites.
- ⇒ Demolish buildings and campus infrastructures that are considered non-functional for current or future use by state programs, or those determined non-functional during the Department of Human Services' (DHS's) master planning efforts for the Ah-Gwah-Ching, Brainerd, Fergus Falls, St. Peter, and Willmar campuses.
- ⇒ Address other issues that may surface as the disposition of the surplus campuses proceeds.

Funds will be used for professional design and engineering services, improvements to basic utility systems (heating, water supply, sewage lines, electrical distribution, life safety systems, etc.), structural integrity and building envelope issues (tuckpointing, building foundation restoration, windows, doors, and roofing issues), building code and other regulatory issues associated with change of occupancy/reuse, and other physical plant issues that may be defined as master planning surplus RTCs proceeds.

Funds will also be used for professional design and project management services, hazardous materials abatement, demolition of buildings, and disposal of materials in accordance with federal law, Minnesota statutes, and local governmental rules and regulations. In addition, funds will be utilized for site restoration, the demolition/capping/sealing of utility tunnels and buildings services leading to buildings/structures to be demolished. Other infrastructural issues associated with the disposition of buildings on the RTC campuses include demolition of sidewalks, roads, and parking lots.

Background Information

This capital budget request represents the combining of the second phases of two separate multi-phased projects that were included in the DHS's 2002-07 Six-Year Capital request: Fergus Falls Regional Treatment Center (FFRTC) – Upgrade Program Facilities and System-Wide Building and Structure Demolition.

The first phase of the Fergus Falls project focused on moving program facilities out of the historic "Kirkbride Buildings" and design improvements required to implement the reuse of the Kirkbride Buildings. The legislature appropriated \$3 million for Phase One during the 2002 session.

The Second Phase, scheduled for the 2004 session, proposed to address actual improvements/construction associated with the disposition/reuse of the Fergus Falls campus assets. The 2002 budget request outlined that funds would be needed for hazardous materials abatement, improvements to basic utility systems, structural integrity and building envelope issues, and building code and other regulatory issues associated with any change in occupancy. The 2002 budget narrative for the Fergus Falls project also indicated that the 2004-05 capital budget request would include funds for

System-Wide Campus Redevelopment/Reuse/Demolition

demolition of all buildings on the Fergus Falls campus that were determined to be non-functional for future utilization/reuse.

The 2002 System-Wide Building and Structure Demolition project was designed as a three-phase project. The first phase focused on demolition of nine buildings on the Minnesota Extended Treatment Options (METO) campus. The legislature appropriated \$2.75 million to demolish and dispose hazardous materials from obsolete buildings at state RTCs during the 2002 session. Eight of the nine buildings on the Cambridge campus were demolished by late fall of 2003. Demolition of the final building at Cambridge is scheduled to be completed by mid-spring 2004.

The second and third phases of the 2002 System-Wide Demolition request were proposed to address the projected increase of non-utilized, non-functional RTC-buildings as DHS's in-patient adult psychiatric services move to community-based care in the future.

Comprehensive Redevelopment Plans (Master Plans)

The 2003 legislature authorized DHS to collaborate with local government entities to complete a comprehensive redevelopment plan (master plan) for the future use of the RTC campuses (grounds and vacant buildings) vacated as a result of further expansion of community-based care (Laws 2003, 1st Special Session, Chapter 14, Section 64, Subd. 2). The department intends to complete this process for Ah-Gwah-Ching, Fergus Falls, Willmar and Brainerd over the next two to four years. This time period coincides with the development of enhanced mental health services in the community, resulting in decreased RTC utilization.

This system-wide request supports DHS's mandate to develop viable master plans for Ah-Gwah-Ching, Fergus Falls, Willmar, and Brainerd campuses. The master plan process, done in collaboration with local units of government, will generate viable reuse/redevelopment strategies for the old campus properties and buildings. In order to implement these master plans DHS anticipates the need for funds for infrastructure modification, building modifications, and demolition of structures that are determined to be non-functional for future utilization.

Project Objective

The focus of this project is to obtain funds and legislative authority to accomplish two objectives. First, upgrade basic infrastructure needed to facilitate viable redevelopment of the Ah-Gwah-Ching, Brainerd, Fergus Falls, and Willmar RTC campuses. Secondly, demolish buildings that have been determined to be non-functional in the RTC system.

The extensive surplus space on the RTC campuses, the age of the facilities, and the estimated cost for ongoing maintenance of the physical plants has created financial pressures that cannot be ignored. If viable reuse cannot be identified DHS's recommendation is to demolish these non-functional facilities and eliminate the associated operating expenses.

Impact on Agency Operating Budgets (Facilities Notes)

The impact on DHS's operating budget will be contingent on the level of services provided in the future and the location and the type of facilities developed to provide these services. However, just reducing the costs associated with heating and maintaining the unused/oversized spaces in the numerous vacant buildings in the system will provide significant savings to the facility's program overhead costs.

For example, preservation of the FFRTC buildings could prove to be very expensive for the state if an economically viable alternative reuse cannot be found. Preliminary estimates to provide minimal heat, basic buildings and grounds maintenance, and security for this large campus project expenditures could approach \$1 million per year after FFRTC's programs complete the transition to community-based operations.

Previous Appropriations for this Project

The 2002 legislature appropriated \$3 million to design, renovate, construct, furnish, and equip ancillary support and program facilities, including improvements to basic infrastructure, hazardous materials abatement, and demolition to facilitate the relocation of the facility's support and residential treatment programs from the Kirkbride buildings.

System-Wide Campus Redevelopment/Reuse/Demolition

The 2002 legislature also appropriated \$2.75 million for system-wide building/structure demolition.

Other Considerations

The city of Fergus Falls in cooperation with the Departments of Administration and Human Services issued a "Request for Proposals" (RFP) in October 2003 to further investigate and study the market potential for viable redevelopment or reuse opportunities for the FFRTC campus. This RFP sought proposals for the purchase and redevelopment of the buildings/land comprising the FFRTC campus. Final proposals are due 2-13-04.

The Departments of Administration and Human Services are also working with local community officials in Walker and Willmar to implement a similar RFP for redevelopment of the Ah-Gwah-Ching and Willmar campuses. In addition, the state is working with officials in these communities to develop comprehensive redevelopment (master) plans for these campuses. The master plans are intended to incorporate any viable reuse proposals submitted under the above referenced RFPs, and other viable alternative reuse ideas identified in during the master planning process.

Funding of this proposal will enable DHS to work aggressively to convert surplus facilities (land and buildings) to other ownership and alternative uses. If an alternate use cannot be found, adequate funds will be available for demolition, and the need to expend state dollars to maintain these non-utilized, non-functional buildings in the future can be eliminated. Funding of this request should also provide enough flexibility in the use of the funds to address other issues that may surface as the disposition of the surplus campuses proceeds.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$6.15 million for this program. Also included are budget planning estimates of \$6.338 million in 2006.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	400	462	0	862
4. Project Management	0	125	98	0	223
5. Construction Costs	0	5,217	5,069	0	10,286
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	408	709	0	1,117
TOTAL	0	6,150	6,338	0	12,488

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	6,150	6,338	0	12,488
State Funds Subtotal	0	6,150	6,338	0	12,488
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	6,150	6,338	0	12,488

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	6,150	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

System-Wide Campus Redevelopment/Reuse/Demolition

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	75
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	40
State Operating Savings or Operating Efficiencies	0/20/40/60	60
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	485

System-Wide Roof Repair and Replacement

2004 STATE APPROPRIATION REQUEST: \$1,014,000

AGENCY PROJECT PRIORITY: 3 of 4

PROJECT LOCATION: System-Wide

Project At A Glance

- ◆ Provide repairs to extend life of building roofing systems.
- ◆ Replace roofing systems with deficiencies that cannot be addressed with repairs.
- ◆ Prevent damage to building interiors, HVAC and electrical systems.
- ◆ Eliminate conditions that can foster serious indoor air problems associated with mold.
- ◆ Upgrade roof insulation and building energy efficiency.

Project Description

This project request outlines system-wide roof repair and replacement needs for the Department of Human Services (DHS) state-operated services facilities. The projects included in this request range from repair/replacement of existing flashing materials to total roof replacement. All of the buildings included in this request have roofs or certain roof system components that have reached or exceeded projected useful life. Repairs and replacements are needed to prevent subsequent damage to other components of the building(s).

In recent years, asset preservation has become a fundamental component of the capital budget process. The key objective of asset preservation is to help reduce the amount of deferred maintenance and deferred renewal referred to as the "capital iceberg." Roof repair/replacement is generally considered an asset preservation project. However, because of the system-wide scope of roof repair/replacement in the Regional Treatment Center (RTC) system, and the serious ramifications associated with not maintaining the weatherproofing integrity of roofs, DHS has separated roof repair/replacement from other asset preservation projects in previous capital budget requests and is continuing this practice for the FY 2004-05 capital budget request.

Roofs and related components require scheduled maintenance and eventually replacement. Most roofs included in this request have exceeded their useful life. The estimated cost of individual roof projects requested for FY 2004-05 range from \$25,000 to \$300,000.

State Operated Services (SOS) maintains a roof maintenance and repair/replacement plan for each of the RTC campuses. These plans are used to monitor each building's roofing program. They are updated on an annual basis. The facility roof plans identify the type of roof system(s) a building may have (built-up asphalt, EPDM adhered or ballasted, shingled, clay tile, etc.); total square footage of these roof systems; current estimated per square foot replacement costs; year roof was installed or last replaced; projected remaining life and biennium which the roof is currently scheduled for replacement; total estimated replacement cost using current industry average estimated replacement costs; and, notes reflecting problems or deficiencies addressed/detected during the semi-annual roof preventive maintenance roof inspections.

Although, these roof maintenance plans track repairs and replacements, known deficiencies, and projected repairs/replacements they are not the only tool utilized to determine if a building should or should not be considered for inclusion the capital request. Buildings proposed for roof repair/replacement are not evaluated simply on the building's roof system deficiency, but rather on an assessment of the building's overall condition, current utilization, and projected or proposed future use.

Facility staff must demonstrate that a building's life cycle characteristics and program suitability is in balance and that the building warrants the cost of roof replacement before a building is included in SOS's roof replacement schedule. Other options would include continuing repairs, no-action (no repair/replacement), or in some cases demolition of a building may be considered to be the most economical and prudent choice of action. Because of the continued downsizing at DHS facilities and/or the deactivation of individual buildings, these issues are also reviewed when SOS considers the need to seek or expend any capital appropriation for any building in the RTC system.

Each of the department's facilities is responsible for preventive maintenance, inspection, and long-term replacement scheduling of their building's roofing

System-Wide Roof Repair and Replacement

systems. They are also responsible for maintaining a list of other projects necessary for preserving their fixed assets. These lists are perpetual and ever changing, and are comprised of projects that are directly related to asset preservation, deferred maintenance, and/or deferred renewal. Projects related to new construction, facility adaptation, or major program remodeling are not included in these lists and generally require a separate source of funding.

Proposed 2004/2005 Roof Repair/Replacement Plan for SOS Facilities

Facility	Building Name	Estimated Cost
BRHSC	Building #17	\$ 300,000
BRHSC	Building #20	300,000
METO	Building #27 – Vocational Building	180,000
METO	Building #68 - Grounds	25,000
	Estimated Project Costs	\$ 805,000
	Other Costs Fees/Contingency/Etc.)	161,000
	Inflation	48,000
	Total Project Cost	<u>\$ 1,014,000</u>

Impact on Agency Operating Budgets (Facilities Notes)

Approval of this request and implementation of the related work will not result in any notable (positive or negative) impact to SOS operating budget.

Lack of funding of this request would require the use of limited repair and replacement operating funds to address critical roof repair and replacement projects. This action would limit the agency's ability to address routine preventive and correct facility maintenance and would actually compound the deferred maintenance problem this request is attempting to address.

Previous Appropriations for this Project

The 2002 legislature appropriated \$2,789,000 for System-Wide Roof Work.
The 2000 legislature appropriated \$1,971,000 for System-Wide Roof Work.
The 1998 legislature appropriated \$1,900,000 for System-Wide Roof Work.

Other Considerations

Deferred repairs or replacement of roof systems can result in a significant increase in total project costs. Leaking roofs can damage interior surfaces and jeopardize structural integrity. Leaking roofs can ruin roof insulation, cause significant damage or deterioration to roof decks, deteriorate HVAC

and electrical systems, and cause significant damage or destruction of program equipment and furnishings.

In addition, failure to address leaking roofs can cause the development of serious indoor air quality problems by generating conditions, which facilitate mold growth and building contamination. Mold contamination can become a serious health issue and can result in the vacating of a building until the problem is corrected. Vacating a residential building at an RTC would cause considerable/significant programmatic problems. This situation would not only increase costs associated with roof maintenance and/or replacement, but would have a dramatic impact on the operating cost of the affected program.

The 2003 legislature authorized DHS to collaborate with local governments to conduct comprehensive redevelopment plans (campus master plans) for the future use of the RTC campuses that will be made available for redevelopment as a result of the restructuring of state operated services mental health programs into community settings. These master plans may impact future expenditures for certain roofing projects requested in the DHS 2004-09 Six-Year Capital Plan.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$1.014 million for this program. Also included are budget planning estimates of \$1 million in 2006 and 2008.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	81	205	200	486
4. Project Management	0	0	0	0	0
5. Construction Costs	0	885	2,255	2,187	5,327
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	48	285	477	810
TOTAL	0	1,014	2,745	2,864	6,623

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,014	2,745	2,864	6,623
State Funds Subtotal	0	1,014	2,745	2,864	6,623
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	1,014	2,745	2,864	6,623

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,014	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2009

System-Wide Roof Repair and Replacement

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	50
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	0
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	420

System-Wide Asset Preservation

2004 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 4 of 4

PROJECT LOCATION: System-Wide

Project At A Glance

- ◆ Provide repairs and replacements to basic facility infrastructure and key mechanical, electrical, utility, and HVAC systems.
- ◆ Address known safety hazards, health risks, and code deficiencies.
- ◆ Maintain the basic building envelope systems of the state's buildings.
- ◆ Maintain and preserve capital investments in state assets.

Project Description

This project request involves the repair, replacement, and renewal needs specific to the operations of the regional treatment centers (RTCs). These needs developed over a long period of time, and represent a system-wide assessment of the facility deficiencies, including, but not limited to the following:

- ◆ safety hazards and code compliance issues;
- ◆ emergency power/egress lighting upgrades (life safety);
- ◆ mechanical and structural deficiencies;
- ◆ tuck pointing and other building envelope work (window and door replacement, facia and soffit work, re-grading around foundations, etc.);
- ◆ elevator repairs/upgrades/replacements;
- ◆ road and parking lot maintenance;
- ◆ major mechanical and electrical utility system repairs, replacements, upgrades and/or improvements, including the replacement of boilers and upgrade of steam systems;
- ◆ abatement of hazardous materials (e.g., asbestos containing pipe insulation, floor and ceiling tile, lead paint, etc.); and
- ◆ demolition of deteriorated, unsafe/non-functional buildings

Although most of the projects associated with this request are considered nonrecurring in scope, all facility components require scheduled maintenance and repair, and eventually many require replacement. The average life cycle of most projects associated with this request range between 25 and 30 years; however, some have longer life cycles, (i.e. tuckpointing, window replacement), and a few may have shorter life cycles, (i.e. road and parking lot seal coating and overlays, water tower cleaning and painting). These projects involve significant levels of repair and replacement and because of the system-wide magnitude cannot be addressed with the current level of repair and replacement funding appropriated in the agency's operating budget.

In recent years asset preservation has become a fundamental component of the capital budget process. The key objective of asset preservation is to help reduce the amount of deferred maintenance and deferred renewal referred to as the "capital iceberg." According to information from the Department of Administration, the capital iceberg for all state owned buildings is estimated at \$1.5 billion.

Each of the department's facilities is responsible for maintaining a list of projects required to preserve their fixed assets. These perpetual and ever changing lists are comprised of projects directly related to asset preservation or deferred maintenance and renewal. Projects related to new construction, facility adaptation, or program remodeling are also included on these lists; however, they are associated with a different source of funding. A list outlining many of the asset preservation projects identified by the RTCs will be made available upon request.

When new projects are identified, facility and agency staff evaluate project type and scope to determine the most appropriate method of project funding. Alternative funding methods include operating budgets (repairs and betterments); Capital Asset Preservation and Repair Account (CAPRA) funds (controlled by the Department of Administration); and capital budget requests (generally appropriated on a two-year cycle). The facilities' asset preservation plans must support the future need and projected use of the facility. Building components are not evaluated on an individual deficiency basis, but rather on an overall building evaluation or assessment basis to determine that the building's life cycle characteristics and program suitability are in balance.

System-Wide Asset Preservation

In some cases repair and improvement may be a very prudent measure, while in other cases total replacement may be the most viable alternative. However, in light of the department's current excess building capacity, demolition of some buildings may be determined to be the most economical and appropriate choice of action. In addition, downsizing of facilities and/or deactivation of individual buildings must also be considered when determining which buildings receive asset preservation funds.

Funding of this request will enable the department, and its facilities, to continue efforts toward reducing the level of deferred maintenance at the RTCs. Failure to fund this request will only intensify the problem. Additional deterioration will result and the state's valuable physical plant assets will continue to decline. Future costs may actually compound, as complete replacement may become the most cost effective and efficient alternative for addressing related deficiencies.

Impact on Agency Operating Budgets (Facilities Notes)

Approval of this request and implementation of the related work will not result in any specific (positive or negative) impact on State Operated Services operating budget.

Lack of funding of this request will require the use of a large percentage of limited repair and replacement operating funds to address critical and expensive asset preservation projects. This action would limit the agency's ability to address routine preventative, predictive and corrective facility maintenance and would compound the existing deferred maintenance problem.

Previous Appropriations for this Project

- ⇒ The 2002 legislature appropriated \$4 million for Asset Preservation at Department of Human Services (DHS) facilities.
- ⇒ The 2000 legislature appropriated \$3 million for Asset Preservation at DHS facilities.
- ⇒ The 1998 legislature appropriated \$4 million for Asset Preservation at DHS facilities.

Other Considerations

Continued funding at the requested level for several biennium will enable the department to make a significant impact on the system's deferred maintenance problem.

The 2003 legislature authorized DHS to collaborate with local governments to conduct comprehensive redevelopment plans (campus master plans) for the future use of the RTC campuses that will be made available for redevelopment as a result of the restructuring of state operated services mental health programs into community settings. These master plans may impact future expenditures for certain asset preservation projects requested in the DHS 2004-09 Six-Year Capital Plan.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$4 million for this program. Also included are budget planning estimates of \$4 million in 2006 and 2008.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	407	303	283	993
4. Project Management	0	0	0	0	0
5. Construction Costs	0	4,355	3,249	3,028	10,632
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	238	448	689	1,375
TOTAL	0	5,000	4,000	4,000	13,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	5,000	4,000	4,000	13,000
State Funds Subtotal	0	5,000	4,000	4,000	13,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	5,000	4,000	4,000	13,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2004-05	FY 2006-07	FY 2008-09	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	5,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
No	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
No	MS 16A.642: Project Cancellation in 2009

STATEWIDE STRATEGIC SCORE		
Criteria	Values	Points
Critical Life Safety Emergency - Existing Hazards	0/700	0
Critical Legal Liability - Existing Liability	0/700	0
Prior Binding Commitment	0/700	0
Strategic Linkage - Agency Six Year Plan	0/40/80/120	120
Safety/Code Concerns	0/35/70/105	70
Customer Service/Statewide Significance	0/35/70/105	70
Agency Priority	0/25/50/75/100	25
User and Non-State Financing	0-100	0
State Asset Management	0/20/40/60	60
State Operating Savings or Operating Efficiencies	0/20/40/60	20
Contained in State Six-Year Planning Estimates	0/25/50	50
Total	700 Maximum	415