

Administration, Department of

Projects Summary
(\$ in Thousands)

Project Title	2012 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2012	Governor's Planning Estimate	
		2012	2014	2016	Total		2014	2016
University Ave Tunnel	1	\$6,600	\$0	\$0	\$6,600	\$0	\$0	\$0
Asset Preservation	2	21,000	22,500	0	43,500	0	0	0
Capitol Campus Parking Replacement	3	875	8,000	0	8,875	0	0	0
Statewide CAPRA	4	5,000	5,000	5,000	15,000	0	0	0
Agency Relocation	5	1,500	500	500	2,500	0	0	0
State Office Building Design	6	2,250	25,000	0	27,250	0	0	0
Ford Building	7	1,500	0	0	1,500	0	0	0
Total Project Requests		\$38,725	\$61,000	\$5,500	\$105,225	\$0	\$0	\$0

University Ave Tunnel

2012 STATE APPROPRIATION REQUEST: \$6,600,000

AGENCY PROJECT PRIORITY: 1 of 7

PROJECT LOCATION:

Project At A Glance

\$6.6 million is requested for final design and construction of the University Avenue segment of the Capital Campus Pedestrian and Materials Handling Tunnel system. This is to coincide with construction of the Central Corridor Light Rail Transit (CCLRT) system.

Project Description

Pedestrian Tunnel System

There are currently two pedestrian tunnel sections which run beneath University Avenue (Administration Building/Lot B to/from Capitol Building and Ford Building/Lot C to/from Capitol Building/State Office Building).

The Pedestrian Tunnel Study, dated September 20, 2009, recommended improvements to the existing tunnel system to maximize the benefits of co-location of executive, legislative, and judicial branches of government in a campus setting and to provide a safe, convenient and functional environment for visitors and employees. The study included consideration of how movement of vehicles, people, and materials would be impacted when the Central Corridor LRT becomes operational.

The study recommended new tunnel connections to provide links between the Rice Street Station (Leif Erikson Park), Capitol Building, State Office Building, and Lot B. This request is to complete Phase I, which involves construction of a new tunnel crossing under University Avenue adjacent to the existing utility tunnel to connect Lot B and the State Capitol Building. University Avenue, north of the Capitol Building, will experience significant construction in 2012. Construction of the CCLRT and the new tunnel need to be coordinated to minimize traffic and cost impacts. The Met Council and

Department of Administration believe it would be impractical and cost prohibitive to construct this tunnel after CCLRT is constructed.

Vacated Street Adjustments

The Light Rail project will result in the termination of two streets which presently operate as through streets:

- Capitol Boulevard at University Avenue
- Martin Luther King Boulevard at Robert Street

These changes will provide opportunities to adjust landscaping that will return much needed “green space” to the Capitol grounds.

Impact on Agency Operating Budgets (Facilities Notes)

The cost of bond interest over 20 years and depreciation over 30 years will be recovered through lease rates to tenants in all buildings on the Capitol Complex tunnel system.

Previous Appropriations for this Project

The 2009 Legislature appropriated \$313,000 to the Met Council for preliminary engineering and final design for betterments in the State Capitol Area related to the Central Corridor light rail transit project. The Met Council transferred these funds to the Department of Administration for design of a new pedestrian and materials handling tunnel between the State Capitol Building and Lot B.

The 2010 Legislature appropriated \$1,250,000 to the Department of Administration to design, construct, furnish and equip phase 1 of Capitol campus security upgrades. Based on the findings and recommendations contained in the Capitol Complex Security - Final Report, this appropriation, combined with the 2009 appropriation noted above, will be utilized to complete the design for the tunnel.

University Ave Tunnel

Other Considerations

On January 18, 2011, Governor Dayton and leaders from the Minnesota Legislature and Supreme Court established a committee to review state government's current approach to achieving public access and security within the Capitol Campus. The Committee on Capitol Complex Security issued a Final Report on April 1, 2011. The recommendations included, among other things, the following: "The Governor and 2011 Legislature should address the need to fund tunnel improvements under University Avenue."

In addition to the University Avenue crossing, the Pedestrian Tunnel Study recommended a tunnel extension westward from the Capitol Building parallel to and south of University Avenue. This tunnel segment would provide public access from the Rice Street LRT Station to the Capitol Building. An additional recommended tunnel segment would connect the Rice Street LRT Station tunnel segment to the State Office Building, providing public access to the associated legislative functions.

On June 27, 2011, a resolution was passed by the CAAPB which encouraged the Governor and Legislature to fund the tunnel and new loading dock to meet the critical schedule of the LRT construction along University Avenue at the Capitol Building.

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Governor's Recommendations (To be completed by MMB at a later date)

Asset Preservation

2012 STATE APPROPRIATION REQUEST: \$21,000,000

AGENCY PROJECT PRIORITY: 2 of 7

PROJECT LOCATION:

Project At A Glance

The Department of Administration (Admin) is responsible for operating and maintaining 22 state-owned buildings, containing approximately 4.3 million square feet. The total replacement value of these assets is estimated to be over \$1.3 billion. These facilities are utilized to deliver key executive, judicial, and legislative functions of state government. A consistent means of funding asset preservation is required to minimize current and future cost of operations and space and to extend the useful life of capital investments made by Minnesota's taxpayers. The following are examples of work to be completed with asset preservation funds:

- Provide repairs and replacements to basic infrastructure and mechanical, electrical, utility, and heating, ventilation and air conditioning (HVAC) systems
- Address known code deficiencies, security and safety hazards, and health risks
- Repair and replace leaking or deteriorated roofing systems
- Maintain the basic building envelope systems of the state's buildings

Project Description

This project request involves the repair, replacement, and renewal needs specific to the Capitol Campus and other state buildings managed by Admin. Funding of this request will enable the department to address/reduce the problem of deferred maintenance including, but not limited to:

- Safety hazards and code compliance issues
- Major mechanical, electrical, and structural deficiencies
- Tuck pointing and other building envelope work
- Elevator repairs/upgrades/replacements

- Site improvements including lighting, sidewalks, re-grading, etc.
- Security issues
- Abatement of hazardous materials
- Energy conservation
- Roof repair and replacements
- Maintenance and repairs to Capitol Campus memorials

Impact on Agency Operating Budgets (Facilities Notes)

The cost of bond interest over 20 years and depreciation over 30 years will be recovered through lease rates to building tenants.

Previous Appropriations for this Project

The 2006 Legislature appropriated \$5 million for asset preservation of state facilities managed by Admin. No funding was appropriated in 2007, 2008 or 2009 for asset preservation of state facilities managed by Admin. In 2010, \$8.075 million was appropriated to Admin for asset preservation with 16% of that (\$1.325 million) directed by the legislature to security and the Governor's Residence. In 2010, \$10.980 million was appropriated to Admin for asset preservation. Of this amount, up to \$4 million is for asset preservation of the State Capitol Building.

Other Considerations

Continued funding at requested levels for several biennia will enable the department to make a significant impact on the system's deferred maintenance and renewal problem. Over time, primarily due to resource constraints, the accumulated deferred maintenance on Admin buildings has grown to exceed \$158 million.

The Capitol Building itself is in critical need of repair and comprehensive rehabilitation. A 2001 pre-design study and a 2007 pre-design update documented that the Capitol lacks modern building infrastructure and is deficient in security requirements, energy efficiency, and code compliance.

The 2007 Legislature appointed the Legislative Coordinating Committee to facilitate a Capitol Restoration Working Group. The task for this working group was to build consensus for a restoration strategy. This process yielded

Asset Preservation

no consensus for an overall restoration strategy. Still unresolved are the fundamental issues of space and project scope. It is recognized and assumed that until the decision-makers agree on the scope and financial approach to this project, including allocation of space, the state will continue to address the needs of this historically significant building on an as-needed emergency basis.

The 2008 Legislature appropriated \$13.4 million to address some of the most pressing needs such as stabilization of the exterior, investigation of internal rain leader leaks and deterioration, and replacement of air-handling units at greatest risk of failure. Of the facilities managed by Admin, the Capitol Building is in greatest need of attention and is of specific focus in this 2012 Asset Preservation request. The Capitol has deferred maintenance now in excess of \$100 million. Future asset preservation funding will be used to continue tackling this backlog. The building is 105 years old and has not undergone major or comprehensive restoration.

The 2011 Legislature established the State Capitol Preservation Commission. Among other duties, the Commission is responsible for developing a comprehensive predesign plan for the restoration of the Capitol building, and developing and implementing a comprehensive financial plan to fund the preservation and restoration of the Capitol building.

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Governor's Recommendations (To be completed by MMB at a later date)

Capitol Campus Parking Replacement

2012 STATE APPROPRIATION REQUEST: \$875,000

AGENCY PROJECT PRIORITY: 3 of 7

PROJECT LOCATION:

Project At A Glance

Pre-design and design for a new, multi-level parking ramp (approximately 400 spaces) to be located on the west side of the State Capitol Complex to replace surface lot parking (635 spaces) currently provided under the lease agreement with Sears.

Project Description

The state has historically provided for approximately 11% of its total parking on the Capitol Complex under long term (five year) leases with Sears (Lot X). The lease was recently amended to extend the lease for a term of only two years and at a substantial increase in cost. Effective 9/1/11, the new monthly rent is \$29.75 per stall plus \$2,700 per month for security. Monthly rent currently is \$17.75 per stall plus \$1,700 per month for security. Sears can terminate the lease upon 30 days notice in the event that Sears sells, leases, or assigns the property in its entirety. The state can terminate upon 30 days notice for any reason, except the rental of other premises for the same use.

This change in position by Sears is an indication that the ability to negotiate future extensions to the parking lease is at risk, due principally to their interest in having flexibility to pursue development opportunities for the site which are tied to the Central Corridor Light Rail project.

This project will fund pre-design and design for a new, multi-level parking ramp (approximately 400 spaces) to be located on the west side of the State Capitol Complex to replace the surface lot parking (635 spaces) currently provided under the lease agreement with Sears.

Impact on Agency Operating Budgets (Facilities Notes)

Debt service costs have been estimated and used to derive new contract parking rates for the period FY 2012 – FY 2016. These increases will

provide sufficient incremental revenue to allow the Parking Fund to meet the financial obligation.

Previous Appropriations for this Project

Other Considerations

Monthly contract demand continues to grow each year and the more popular parking ramps/lots routinely have a waiting list. The prospect of losing over 600 parking spaces without replacement would reduce our inventory of spaces available for contract to 5,200.

Based on our average over-sale factor of 10%, this would limit our month contracts to 5,720. Current monthly contract volume is 6,432. The current Capitol Complex employee population (year-round) is 5,528. Therefore, without replacement of the Sears parking, 712 current contract parkers would not be able to park in state facilities or 12.9% of current, year-round employees.

While the impact of the Central Corridor Light Rail operation on demand for vehicular parking on the Capitol Complex is difficult to quantify, it is unlikely that it could represent an alternative for over 700 employees not already using other forms of public transportation.

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Governor's Recommendations (To be completed by MMB at a later date)

Statewide CAPRA

2012 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 4 of 7

PROJECT LOCATION:

Project At A Glance

Capital Asset Preservation and Replacement Account (CAPRA): \$5 million in general obligation bond funds to support emergency repairs and unanticipated hazardous material abatement needs for state-owned facilities throughout Minnesota.

Project Description

CAPRA, established under M.S. Sec. 16A.632, is a statewide fund centrally managed by Admin for use by all state agencies. CAPRA funds support emergency repairs and unanticipated hazardous material abatement needs for state agency facilities.

(Note: Asset preservation capital budget requests are made by individual state agencies to address known facility repair and maintenance needs of the facilities under their custodial control.)

State Agencies served by the CAPRA program in the past include Corrections, Employment and Economic Development, Human Services, Military Affairs, Minnesota Historical Society, Minnesota State Academies, Minnesota Zoological Gardens, Natural Resources, Perpich Center for Arts Education, Veteran Affairs, Iron Range Resources, Minnesota Amateur Sports Commission, and Administration.

Impact on Agency Operating Budgets (Facilities Notes)

CAPRA funding provides rapid financial assistance to state agencies to help address emergencies and unanticipated abatement needs. The program helps to minimize the impact on the delivery of services and programs from unanticipated emergencies and to prevent or reduce additional damage to state facilities.

Previous Appropriations for this Project

Since 2005, \$15,230,000 has been appropriated for CAPRA projects through state bonding bills, including \$2,830,000 appropriated in the 2011 Special Session.

As of July 28, 2011, the current available balance is approximately \$3,430,000.

Other Considerations

This CAPRA request does not fund known agency repair and maintenance projects. Those types of projects are included in agency asset preservation requests. The amount of this request is based on historical spending. Asset preservation continues to be an issue, and adequately maintaining state facilities is imperative to support the efficient and effective delivery of services and programs to our customers, the taxpayers and citizens of Minnesota. To the degree that agency asset preservation requests are reduced, we can expect to see an uptick in emergency requests for CAPRA funding.

Although Admin has been projecting biennial CAPRA requests of \$5 million, which is based on historical emergency needs, events can trigger the need for additional funding to address emergencies. Projects that have typically received CAPRA funding include asbestos and lead abatement; emergency roof, pipe, and structural repairs; fire and water damage repairs; and replacement of failed air conditioning, boiler, and water heater units.

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Governor's Recommendations (To be completed by MMB at a later date)

Agency Relocation

2012 STATE APPROPRIATION REQUEST: \$1,500,000

AGENCY PROJECT PRIORITY: 5 of 7

PROJECT LOCATION:

Project At A Glance

\$1,500,000 in general fund dollars for agency relocation funding is needed to move state operations from existing locations when it improves agency operations, yields positive budget impacts, and/or facilitates better service to customers. This funding is also needed to optimize the use of state-owned facilities and backfill pockets of vacant space as agencies downsize their operations.

This request is for needs not covered under other capital requests.

Project Description

Funds are needed to relocate agencies where an unanticipated situation occurs that requires relocation such as a landlord not renewing an agency's lease at its expiration, a facility is sold, an agency needs to reduce space, reorganization needs to be implemented, remodeling needs to be accomplished, or an agency can substantially reduce its rent.

Recent projects requiring relocation funding include:

- To facilitate the merger of the Department of Finance and Department of Employee Relations
- To facilitate remodeling and reorganization in the Veterans Service building
- To co-locate the former Department of Employee Relations, Workers Compensation Division, with the Risk Management Division
- To improve operational and space efficiency and reduce costs for the Department of Commerce, Weights & Measures Division

Because these events are typically of an unforeseen nature for which the agency has not programmed funds, the lack of access to relocation funding can create a disincentive to beneficial moves. Relocation funding is used to move furniture and equipment, including voice and data.

An imminent project, which may or may not meet the timing of this request but is a prime example of the use and need for Agency Relocation funding, is the Duluth Government Services Center (DGSC) lease expiration. The DGSC was constructed in 1980 for State and St. Louis County offices. St. Louis County purchased DGSC from the State in July 2002. State agencies executed 10 year leases at a discounted rate which expire in 2012. St. Louis County has given notice that State leases will not be renewed. An appropriation or another source of funding is needed to facilitate agency relocation in the summer of 2012. The estimated funding requirement of this project is \$250,000.

Impact on Agency Operating Budgets (Facilities Notes)

If relocation funds are not available, agencies may not be able to reduce space, fully implement reorganization initiatives, accomplish needed remodeling to more effectively and efficiently deliver services, or reduce their rent.

Previous Appropriations for this Project

The following are the most recent appropriations: 1) 2002 - \$1,500,000; 2) 2003 - \$500,000; and 3) 2005 - \$9,829,000. The majority of the funding in 2005 was to relocate the Departments of Agriculture, Health and Human Services to new facilities on the Capitol campus.

As of 6/15/09, all available funding appropriated for agency relocation has been committed.

Other Considerations

Agency Relocation**Project Contact Person**

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Governor's Recommendations (To be completed by MMB at a later date)

State Office Building Design

2012 STATE APPROPRIATION REQUEST: \$2,250,000

AGENCY PROJECT PRIORITY: 6 of 7

PROJECT LOCATION:

Project At A Glance

This request for \$2.250 million is to prepare a design to address building systems beyond their useful life and other deficiencies in the State Office Building and Parking Ramp identified in the Facility Condition Assessment prepared in 2011.

Project Description

This project request involves the repair, replacement, and renewal needs specific to the State Office Building and Parking Ramp. Funding of this request will enable the department to prepare a design to address deferred maintenance including but not limited to:

- Safety hazards and code compliance issues
- Major mechanical, electrical, and structural deficiencies
- Tuck pointing and other building envelope work
- Elevator repairs/upgrades/replacements
- Security issues
- Energy conservation

Impact on Agency Operating Budgets (Facilities Notes)

The cost of bond interest over 20 years and depreciation over 30 years will be recovered through lease rates to building tenants.

Previous Appropriations for this Project

Predesign funded from the 2011 Capital Budget asset preservation appropriation.

Other Considerations

None

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Governor's Recommendations (To be completed by MMB at a later date)

Ford Building

2012 STATE APPROPRIATION REQUEST: \$1,500,000

AGENCY PROJECT PRIORITY: 7 of 7

PROJECT LOCATION:

Project At A Glance

\$1,500,000 is requested for demolition of the Ford Building and the subsequent construction of temporary surface parking area to be included in the Lot C parking lot.

Project Description

The Ford Building, located at 117 University Avenue in St. Paul, is one of the 15 state-owned buildings in the Capitol Complex that are under the custodial management of the Department of Administration. The Ford Motor Company constructed the building in 1913-1914 as a retail, service, and sub-assembly facility. The building was converted to office space for the federal government sometime around 1951. The state acquired the Ford Building in the late 1960s as part of a larger redevelopment effort in the Capitol area that was directed by the Capitol Area Architectural and Planning Commission. It was remodeled for state office space in the late 1970s. The most recent occupants of the Ford Building included Minnesota's Bookstore, the state printing operations, and a variety of Department of Administration offices. These uses ceased or were transferred to other facilities in 2002-03 because of the closure of state printing operations, the building's deterioration and need for major repair, and the projected high lease rates. Those rates were a reflection of the costs of maintaining and operating the building, which made it cost prohibitive to occupy.

As custodial manager of the Ford Building, the Department of Administration has utilized bond appropriations from the Legislature for maintaining, improving and remodeling the building for various uses. Current state policy is that capital debt is reimbursed through lease rates charged by Admin to the entities leasing space in the building.

As part of the capital budget planning process, Admin in 2001 commissioned a study to assess options for the site. The results of the study provided an objective look at the current building and future needs of the state based on the "1993 Strategic Plan for Locating State Agencies."

The study determined that the building was in need of major structural, mechanical, electrical, interior, and exterior repairs in order to return it to a viable use for office space. The study presented seven scenarios with cost estimates ranging from \$16.3 million for renovation of existing square footage only, to \$35 – 43 million for maximum renovation including a parking ramp on the site.

Due to continuing deterioration and escalating costs associated with a vacant and mothballed building, Admin sought funding in 2004 and again in 2005 to demolish the building and for construction of temporary surface parking. On average, Admin is spending approximately \$25,000 – 30,000 per year to maintain the building in a safe manner.

In 2005, the Legislature placed a moratorium on demolition of the building and directed a study of how the building might be preserved and used. The report was issued in January 2006 with a number of recommendations, as well as acknowledgement of numerous challenges and constraints.

The property is a prime development site, strategic to the Capitol Campus and Light Rail, and is connected to the tunnel system.

With no identified use for the building, and in light of the continuing deterioration and associated operational expenses, the Department is recommending demolition.

Impact on Agency Operating Budgets (Facilities Notes)

Previous Appropriations for this Project

None

Ford Building

Other Considerations

The Ford site, due to its capacity, access, and connection to the campus tunnel system, is considered highly desirable for future development.

From the 2009 Minnesota State Capitol Complex Capacity and Access Study:

“The ability of the Minnesota State Government to function effectively relies on a well designed, maintained, and operated physical campus environment that plans for, accommodates, and responds to change:

- The Central Corridor LRT will alter access patterns to and within the campus.
- Surrounding growth will add pressure to area streets and intersections.
- Private redevelopment on the Sears parking lot, which currently houses roughly 10% of campus employee parking, is imminent.

The Department of Administration must plan for the most effective ways to accommodate these changes while ensuring appropriate development capacity and clear, comprehensive access to and within the campus.”

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