



November 29, 2012

The Honorable Mark Dayton
Office of the Governor
130 State Capitol

The Honorable David Senjem
Senate Capital Investment Committee
121 State Capitol

The Honorable Claire Robling
Senate Finance Committee
226 State Capitol

The Honorable Larry Howes
House Capital Investment Committee
491 State Office Building

The Honorable Mary Holberg
House Ways and Means Committee
453 State Office Building

The Honorable Morrie Lanning
House State Government Finance Committee
379 State Office Building

Re: Estimated Fiscal Year 2014 Funding Needed for Minnesota Capitol Preservation

Dear Governor and Committee Chairs:

This letter is submitted on behalf of the Department of Administration and in accordance with Minnesota Statutes 15B.155, Subd. 4(e), which reads as follows:

On or before December 1 of each year until final completion of the restoration project, the commissioner of administration shall submit in writing to the governor, chairs of the senate Finance and Capital Investment Committees, and chairs of the house of representatives Ways and Means and Capital Investment Committees the estimated annual amount needed for the restoration project for the upcoming fiscal year.

In accordance with the Comprehensive Master Plan approved by the State Capitol Preservation Commission, the funding needed for the Capitol Restoration project, as of February 2012, is \$241M. Operating costs for non-bondable expenses were not included in this amount.

On top of the \$241M, there was a \$6.6M cost to build the tunnel to the Capitol, which needed to be done prior to light rail construction. In the 2012 bonding bill, \$44M was appropriated for Capitol Restoration AND the tunnel construction. Accordingly, the total amount appropriated to the Capitol Restoration was \$37.4M of the \$241M. An additional \$203.6M is needed to complete the funding of the restoration project.

The \$44M appropriated in the 2012 bonding bill provides initial funding for the following portions of the project:

- to design, construct and equip a new tunnel extending from the Capitol Building and passing under University Avenue (currently under construction) at a cost of \$6.6M;
- for predesign and design of the renovation and restoration (now underway);
- for repairs to exterior stone, window replacement and preparation of mechanical space in the attic of the State Capitol Building (construction phase will start next summer);
- for construction to restore and improve the Capitol building and grounds
- up to \$5,000,000 of this appropriation may be used to predesign, design, construct and equip certain state-owned buildings to meet temporary and permanent office and other space needs in furtherance of an efficient restoration of the Capitol building and for the effective and efficient function of the tenants currently located in the Capitol Building

A caveat to these numbers is that the project management team is just beginning its work. The kickoff meeting for the team was held on September 14, 2012. The four member management team will continue to refine project sequencing and costs throughout the design scoping process to be completed by May 15, 2013.

The sequence of work for the restoration project will determine the funding needed each year. Currently four major work packages are anticipated, plus separate work packages for exterior stone repairs and window replacement. The funding for each work package will need to be in place prior to bidding that portion of the project. As such, the funding requested in 2013 will be for work to be bid in the summer 2013 and spring 2014. In the event the funding needed is not appropriated, the construction schedule and cost will be impacted. Mobilization and demobilization costs for interrupting construction are a key cost driver in delayed funding scenarios as well as inflation.

Although the final determination on the sequence of work has not been made, for budgeting purposes the anticipated sequence of work continues to be as outlined in the Master Plan. The Master Plan contemplated the work to be sequenced over a 4 year period as follows: A) Mechanical Preparations; C) West/North Wings; B) East Wing; and, D) Public Space. Sequence A and C work would be contracted for in 2013 and the spring of 2014, including for the following:

- Asbestos abatement
- Mechanical, electrical & plumbing systems replacement
- General construction (i.e. life-safety, accessibility, security, telecommunications, etc.)
- Roof Replacement
- Preparation of swing space
- Finish work

In addition, exterior stone repairs and window replacement will also be occurring during this period.

On this basis, and in accordance with the approved Comprehensive Master Plan, \$109M is needed in order to keep the Capitol repair, restoration and preservation project on track through fiscal year 2014. FY14 and FY15 operating costs for non-bondable expenses are not included in this amount and will be requested separately in the operating budget.

I look forward to working with you to accomplish together the restoration of Minnesota's Historic State Capitol Building.

Sincerely,

A handwritten signature in cursive script that reads "Spencer Cronk". The signature is written in black ink and is positioned to the left of the typed name.

Commissioner Spencer Cronk
Minnesota Department of Administration

cc: State Capitol Preservation Commission members
Senator Dick Cohen
Senator LeRoy Stumpf
Representative Lyndon Carlson