



December 1, 2013

The Honorable Mark Dayton
Office of the Governor
130 State Capitol

The Honorable LeRoy Stumpf
Senate Capital Investment Committee
122 State Capitol

The Honorable Richard Cohen
Senate Finance Committee
121 State Capitol

The Honorable Alice Hausman
House Capital Investment Committee
453 State Office Building

The Honorable Lyndon Carlson Sr.
House Ways and Means Committee
479 State Office Building

The Honorable Mary Murphy
House State Government Finance Committee
443 State Office Building

Re: Estimated Fiscal Year 2015 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.

The total funding needed for the Capitol Restoration project is \$272.7M. Laws 2012, Ch. 293, Sec. 13, Subd. 3 appropriated \$44M for Capitol Restoration and tunnel construction. Of this amount, \$37.4M was allocated to Capitol Restoration. Laws 2013, Ch. 136, Sec. 3, Subd. 2 appropriated \$109M for Capitol Restoration. On this basis, an additional \$126.3M is needed to complete the funding of the restoration project. Operating costs for non-bondable expenses are not included in this amount.

The substantial completion date for the restoration project is December 2016. The sequence of work for the restoration project continues to be developed with a number of goals in mind:

- Efficient construction sequencing
- Minimized phasing and temporary construction costs
- Reduced risk of delay

- Mitigation of inflation risk – ability to lock in guaranteed price (GMP) for interior finishes one year earlier than previous plan
- Interior finishes procured in one consistent package (continuity of subcontractors performing work in all wings of the building)
- Reduced construction impacts to occupants
- Increased safety of tenants and occupants
- Increased design efficiency and consistency for all wings

The abatement and demolition work began in the basement this September. Current planning is focused on work beginning on all levels of the east wing in June 2014, along with ground and first floors in the west wing. The work will start in the north wing and remaining floors in the west wing in June 2015.

We are currently working with the tenants to finalize relocation plans, which include utilizing the new legislative office building as of July 1, 2015. In addition to cost impacts to the legislative office building, any delay in the completion of that project will impact the schedule and cost for restoration of the Capitol.

Currently, four major work packages are anticipated on the Capitol Restoration project, plus separate work packages for exterior stone repairs and window replacement. The four major work packages are:

- WP#1 – Abatement and Demo at terrace level
- WP#2/#2A – Underground systems, terrace IT infrastructure, roofing, and mechanical, electrical, plumbing (MEP) equipment procurement
- WP#3 - Demo, Structural and MEP main building systems at all levels
- WP#4 – All remaining work and finishes and MEP branch systems.

All remaining major work packages are scheduled to be contracted for in calendar year 2014. A portion of the exterior stone repairs will be contracted for in 2015, along with the remaining work that is outside of the major work packages. 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 2014 will be for work to be bid in 2014 and 2015. 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.

On this basis, \$126.3M is requested in order to keep the Capitol repair, restoration and preservation project on track for substantial completion in December 2016.

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

Sincerely,



Commissioner Spencer Cronk
Minnesota Department of Administration

cc: State Capitol Preservation Commission members
Senator David Senjem
Senator Michelle Fischbach
Representative Matt Dean
Representative Mary Liz Holberg
Representative Bob Dettmer