

**MN.IT Services, Office of**

**Project Funding Summary**  
(\$ in Thousands)

Project Title	Agency Priority	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
			2014	2016	2018	2014	2016	2018
Data Center Consolidation and Repurposing	1	GF	\$1,197	\$0	\$0	\$0	\$0	\$0
		GO	1,459	0	0	1,300	0	0

Project Total	\$2,656	\$0	\$0	\$1,300	\$0	\$0
General Obligation Bonding (GO)	\$1,459	\$0	\$0	\$1,300	\$0	\$0
General Fund Projects (GF)	\$1,197	\$0	\$0	\$0	\$0	\$0

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

**Mission:**

We provide high quality, secure and cost effective information technology that meets the business needs of government, fosters innovation, and improves outcomes for the people of Minnesota.

**Statewide Outcome(s):**

MN.IT Services supports the following statewide outcome(s).

Efficient and accountable government services.

In addition, MN.IT Services supports all of the remaining statewide outcomes such as health, public safety, employment, education, and natural resources, by providing IT computing and telecommunications resources to support agency business goals, and by managing the applications that run agency programs.

**Context:**

MN.IT Services seeks to:

- Improve service management
- Focus the state portfolio
- Implement organizational consistency
- Foster leadership and encourage high performance and innovation
- Practice financial management and accountability

**Strategies:**

- Mn.IT Services (formerly OET) provides all information technology (IT) services for the executive branch, having consolidated all IT under the State CIO (Chief Information Officer) as prescribed by 2011 law. Services are as follows:
  - Standard IT Services: The basic, shared infrastructure, software and end user services provided to state agencies for business operations, ranging from data center management, hosting and network, to email, phones and collaboration tools.

- Applications: The ongoing management of applications unique to individual lines of business.
  - Projects and Initiatives: Activity related to the development of new technologies and applications and/or the decommissioning of old technologies, and other finite initiatives to improve service management and operations.
  - IT Leadership: All functions related to MN.IT's oversight responsibilities (IT policies and standards, risk management, security compliance and portfolio management) as well as organizational management activity (HR, Finance, etc.).
- MN.IT also provides optional services to, and collaborates with cities, counties and educational institutions.
  - Services are managed through comprehensive Service Level Agreements (SLAs) with agency customers. Centrally provided services are primarily funded through an enterprise technology fund (chargeback to established agency IT budgets), with lesser amounts coming from general fund appropriations for oversight and security activities, and federal and special revenue funds for specific IT-related projects and activities.

**Measuring Success:**

MN.IT is currently establishing measureable service metrics that will pertain to the newly consolidated organization. They will measure specific service effectiveness, overall customer satisfaction and progress toward the goals outlined in the State's Master Plan, i.e., the degree to which information technology enables state agencies to better accomplish their business goals and to more efficiently and effectively deliver services to the citizens of Minnesota ([http://mn.gov/oet/images/Master\\_Plan\\_2012.pdf](http://mn.gov/oet/images/Master_Plan_2012.pdf)).

### At A Glance: Agency Long-Range Strategic Goals

The Office of MN.IT Services published in 2012 a five-year State IT Master Plan that outlines the business drivers, goals and strategies for the executive branch relating to information technology, intended to help guide investments, set consistent priorities, timetables and goals for the newly consolidated executive branch IT organization. The MN.IT Master Plan outlines 16 strategies for the agency aligned under 7 business drivers – the needs and goals of our agency business partners. One critical business driver is the need to ensure that government and citizen data is protected so that the business of government never stops. Aligned under this driver in the Master Plan are the following strategies:

- Continue development of core Enterprise Security Program functions that will help proactively manage information security risk.
- Continue development of enterprise-wide information security processes and tools to improve situational awareness.
- Continue development of shared processes to minimize the impact of adverse security events.
- Minimize risk and maximize redundancy in major systems and facilities.

Several of the objectives aligned with the strategies above relate to MN.IT's data center consolidation strategy. Those objectives include the following:

- Accelerate enterprise-wide virtualization to enable improved business processes and facilitate shared services; incorporate virtualization in a shared data center strategy.
- Reset and accelerate data center virtualization and consolidation to achieve an acceptable risk level for the data and systems that manage state operations; partner with other Minnesota government entities to develop and leverage shared data center strategies.

### Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs

Taken together, the MN.IT Master Plan, Strategic Plan and Two-Year Tactical Plan lay the groundwork for a more stable, secure and function-rich

IT infrastructure for the state; to better align technologies with agency business needs; and to integrate technologies and services at best cost and value for the state. The increasing centrality of information technology to state service delivery and the ever-expanding nature of cybersecurity threats to the State make a clearly defined, aggressive program of improvements to the state's IT infrastructure more imperative than ever.

Consolidating the State's roughly 36 data center facilities into two Tier III (Uptime Institute scale) facilities will significantly increase the physical safety and stability of the State's most critical systems and result in energy and space savings. MN.IT completed the physical and operational set-up for two Tier III enterprise data centers, including one newly leased Tier III data center. The Tier III data centers are highly reliable and redundant, providing a level of physical, cyber and operational security heretofore unavailable at any of individual data centers that have grown up over the years in state facilities. The consolidation of data centers into these high performance facilities greatly reduces the risk to state systems and data – to a level more acceptable to the industry and to the nature of the State's business.

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

The primary facilities that relate to MN.IT Services are data centers. Data center facilities house equipment for data processing, communication, and storage. They are essential for government operations and citizen services such as 911 emergency response, tax collections, and criminal records.

The condition of the state's data centers is on the verge of compromise and poses a serious and growing risk to government and citizen data, services, and programs. The majority of the state's data centers are at Tier I – the lowest ranking possible on the well-regarded scale from the Uptime Institute. The state's data center facilities need to be rated at least at the industry's Tier III level to adequately protect itself and serve the public.

Multiple problems contribute to the vulnerabilities of the state's data centers. They are built to 40 year-old guidelines and most facilities are retrofitted office space lacking key mechanical and electrical capabilities. Some critical agency infrastructure is essentially run out of "home and garage" type power

and cooling. Lastly, about 80% of the locations have no or inadequate disaster recovery capability.

### **Agency Process Used to Arrive at These Capital Requests**

Several important processes helped give rise to this request. First, data center consolidation was recommended in 2007 by a number of state agencies via their chief information officers (CIOs) as an enterprise consolidation opportunity. A steering team comprised of agency CIOs and then-OET management guided the creation of a business case and subsequent planning.

Second, in 2008 an independent third-party prepared a detailed assessment of state executive branch data centers and facilities. The assessment defines the security and business risks of the existing data center environment and provides recommendations for new data center space.

Third, during the 2009 legislative session the Governor recommended a proposal for leasing new data center space. The legislature demonstrated its support with an appropriation of \$250,000 to continue planning for data center consolidation.

A Pre-Design Report was completed in March of 2013, in partnership with the Department of Administration, which describes the anticipated vacant data center spaces to be repurposed along with their costs and schedule. This pre-design report and associated costs form the basis of MN.IT's 2014 capital budget request.

### **Major Capital Projects Authorized from 2010 to 2013**

In 2011, \$5.6 million was appropriated to the Commissioner of Administration to pre-design, design, construct, renovate, furnish, and equip certain existing state data center facilities and decommission certain other existing state data center facilities. In 2013, MN.IT completed the move of multiple agency systems from the largest existing, but inadequate, data center in the Centennial Office Building to the new Tier III enterprise data centers, vacating the first of 36 data centers that will eventually be returned to office space. The \$5.6 million in bonding dollars appropriated in the 2011

Legislative Session covered the costs of the 2013 pre-design study and the repurposing of the Centennial Office Building space back to office space.

## Data Center Consolidation and Repurposing

**2014 STATE APPROPRIATION REQUEST:** \$2,656,000

**AGENCY PROJECT PRIORITY:** 1 of 1

**Project At A Glance**

- Repurpose data center facilities back to office space
- Supports State's data center consolidation initiative
- Results in energy and space savings long-term
- Allows for increased physical, cyber and operational security at new facilities

**Project Description**

This request is for \$2.656 million in state funds to decommission and repurpose certain existing state data center facilities. As various data center facilities are decommissioned and their equipment consolidated in more efficient and secure enterprise data centers, these facilities must be returned to office space – the original purpose of the facilities. A Pre-Design Report was completed in March of 2013 which describes the anticipated vacant spaces to be repurposed along with their costs and schedule. This request includes \$1.197 million of non-bondable expenses in the Freeman Building.

**Impact on Agency Operating Budgets (Facilities Notes)**

This project would not require any additional funding to operate.

**Previous Appropriations for this Project**

Laws 2011, First Special Session chapter 12, section 10 appropriated \$5.659 million to the Commissioner of Administration "to predesign, design, construct, renovate, furnish, and equip certain existing state data center facilities and decommission certain other existing state data center facilities." The language was amended in 2013 to read "To the commissioner of administration to predesign, design, construct, renovate, furnish, and equip certain existing state data center facilities and decommission certain other

existing state data center for the purpose of decommissioning and repurposing or for maximizing capacity and utilization of such facilities."

**Other Considerations**

None.

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**Governor's Recommendations**

The Governor recommends general obligation bonding of \$1.3 million for the repurposing of data centers in state-owned facilities.

<b>TOTAL PROJECT COSTS All Years and Funding Sources</b>	<b>Prior Years</b>	<b>FY 2014-15</b>	<b>FY 2016-17</b>	<b>FY 2018-19</b>	<b>TOTAL</b>
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	246	0	0	246
4. Project Management	0	7	0	0	7
5. Construction Costs	0	1,705	0	0	1,705
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	405	0	0	405
9. Inflation	0	293	0	0	293
<b>TOTAL</b>	<b>0</b>	<b>2,656</b>	<b>0</b>	<b>0</b>	<b>2,656</b>

<b>CAPITAL FUNDING SOURCES</b>	<b>Prior Years</b>	<b>FY 2014-15</b>	<b>FY 2016-17</b>	<b>FY 2018-19</b>	<b>TOTAL</b>
State Funds :					
G.O Bonds/State Bldgs	0	1,459	0	0	1,459
General Fund Projects	0	1,197	0	0	1,197
<b>State Funds Subtotal</b>	<b>0</b>	<b>2,656</b>	<b>0</b>	<b>0</b>	<b>2,656</b>
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
<b>TOTAL</b>	<b>0</b>	<b>2,656</b>	<b>0</b>	<b>0</b>	<b>2,656</b>

<b>CHANGES IN STATE OPERATING COSTS</b>	<b>Changes in State Operating Costs (Without Inflation)</b>			
	<b>FY 2014-15</b>	<b>FY 2016-17</b>	<b>FY 2018-19</b>	<b>TOTAL</b>
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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

<b>SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS</b> (for bond-financed projects)	<b>Amount</b>	<b>Percent of Total</b>
General Fund	1,459	100.0%
User Financing	0	0.0%

<b>STATUTORY AND OTHER REQUIREMENTS</b>	
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)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
Yes	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 2019