# **Projects Summary**

(\$ in thousands)

# **Project Requests for State Funds**

Project Title	Priority Ranking	Funding Source	2018		2020		2022	
Capitol Complex Monument Repairs	1	GO	\$	3,200	\$	0	\$	0
Enterprise Asset Preservation	2	GO	\$	100,000	\$	0	\$	0
Real Estate Strategic Plan	3	GF	\$	1,500	\$	0	\$	0
Energy Efficiency Revolving Fund	4	GO	\$	10,000	\$	0	\$	0
CAPRA (Capital Asset Preservation and Replacement Account)	5	GO	\$	5,000	\$	0	\$	0
Centennial Office Building Repair and Renovation	6	GO	\$	90,000	\$	0	\$	0
Acquisition of Lot AA	7	GO	\$	2,000	\$	0	\$	0
Capitol Complex Security Upgrades	8	GO	\$	32,720	\$	0	\$	0
State Agency Relocation	9	GF	\$	1,500	\$	0	\$	0
State Office Building Renovation Design	10	GO	\$	24,502	\$	0	\$	0
Total Project Requests			\$	270,422	\$	0	\$	0
General Obligation Bonds (GO) Total			\$	267,422	\$	0	\$	0
General Fund Cash (GF) Total			\$	3,000	\$	0	\$	0

# **Project Narrative**

(\$ in thousands)

## **Capitol Complex Monument Repairs**

**AT A GLANCE** 

**2018 Request Amount:** \$3,200

**Priority Ranking:** 1

**Project Summary:** Repairs to memorials and monuments on the Capitol Complex.

## **Project Description**

The Minnesota State Capitol Complex has 23 memorials and monuments and one tribute located throughout its ceremonial grounds and public spaces. These monuments range in age from over 100 years old (John A. Johnson) to new (Minnesota Military Families Tribute - dedicated June 2015). All of these monuments were donated by citizen groups and other private organizations from across the state.

Beginning in 2006, all new monuments were required to establish maintenance funds. These funds are raised by the sponsoring group and transferred to Admin at the dedication and set aside in a maintenance perpetuity account. The majority of the monuments (16) have no maintenance and repair accounts and are left to the State to maintain. Over the years, the normal weathering process has taken its toll on memorials to the point that they are beginning to deteriorate rapidly. If significant repairs are not made soon they will begin to fall apart or have to be dismantled in order to eliminate safety hazards. This project will provide the stabilization, stone and joint repairs, statue and plaque refinishing, landscape rejuvenation and other elements necessary to restore them.

Each year an estimated 230,000 people visit the Capitol grounds. These monuments provide history and education about the State's heroes, leaders, visionaries and others who have had significant influence on our State. These monuments and memorials represent the contributions and valor of the people of the State and the State has a responsibility to mainta

### **Project Rationale**

The memorials and monuments located throughout the ceremonial grounds and public spaces of the Capitol Complex are in a varying range of conditions. The monuments for repair were identified as urgent in the 2013 Monument Condition Study. The normal weathering process has taken a toll on many of them, to the point they are beginning to deteriorate rapidly. If significant repairs are not made soon, they will begin to fall apart or have to be dismantled in order to eliminate the safety hazards that will result as they become unstable.

### **Project Timeline**

18 months for design and implementation of the repairs

#### Other Considerations

None

**Impact on Agency Operating Budgets** 

**Description of Previous Appropriations** 

# **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## **Enterprise Asset Preservation**

**AT A GLANCE** 

**2018 Request Amount:** \$100,000

Priority Ranking: 2

**Project Summary:** Funds are needed to address unmet enterprise asset preservation needs

in collaboration with other State agencies. Executive Branch agencies manage 5,494 state-owned buildings with a total of 29.2 million square feet. Centralized data reveals that the enterprise has more than \$160M in deferred maintenance that is deemed at crisis level condition. This appropriation request is based on 20 percent of deferred maintenance at

the critical level.

## **Project Description**

Enterprise asset preservation funding will help agencies reduce the backlog of the critical deferred maintenance on state-owned facilities. The projects are identified by the State agencies with custodial control of the facilities and their priority will be based on the data.

## **Project Rationale**

Asset Preservation funding is generally considered on a case-by-case basis without the context of an enterprise perspective regarding the totality of the need. The development and consistent utilization of the Enterprise Real Property (ERP) system provides a better understanding of the scope of the State's critical maintenance needs.

A 2014 Condition Assessment Report identified more than \$9B in deferred maintenance costs among state agencies. Nearly \$7B in deferred maintenance is classified as crisis or poor condition. Minnesota Statute Section 16A.633, Subd. 1 requires State agencies to report facility condition assessments to the Commissioner of Administration. Reporting of this data is necessary in order for agencies to receive capital funding. A condition assessment provides detailed information about current building deficiencies and the data helps to inform the development of asset preservation projects. It also assists agencies in planing and prioritizing which facility assets need to be repaired or replaced.

Condition Assessments will estimate the costs associated with renewal, repair, and code compliance issues, and determine both the immediate and long-term cost liabilities for building component life cycle renewal, deferred maintenance, and functional inadequacies based on industry standard cost databases such as RS Means. This information allows agencies to not only address current operational requirements, but also improve facility renewal forecasting and capital funding scenarios for capital project planning efforts.

## **Project Timeline**

Projects will be identified and phased as needed.

#### Other Considerations

None.

## **Impact on Agency Operating Budgets**

# **Description of Previous Appropriations**

# **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## Real Estate Strategic Plan

### **AT A GLANCE**

**2018 Request Amount:** \$1,500

**Priority Ranking:** 3

**Project Summary:** Funds are needed to update the Strategic Plan for locating state agencies.

The last strategic plan for Capitol Complex and adjacent real estate was drafted in 1993, nearly 25 years ago. Statutes require a the Commissioner

of Administration to regularly update the plan.

## **Project Description**

The last strategic plan was drafted in 1993. Statutes require the Commissioner of Administration to regularly update the Strategic Plan. The current plan is built around development principles and strategies rather than development plans. Many recommendations have been implemented:

Vacation and Disposition of Capitol Square Building (1999), Duluth Government Services Center (2003), 625/635/390 North Robert Buildings (2004), MDH Building on the U of M campus (2005).

Acquisition and construction of: Stassen Building (1997), 321 Grove Buildings (1997), Ely Revenue Building (1998), Retirement Systems Building (1999), Bemidji (2001), BCA Building (2003), Andersen Building (2004), Freeman Building (2004), State Lab Buildings (2004), and the Minnesota Senate Building (2016).

However, an updated plan is needed to focus on three geographical areas and location strategies:

Capitol Area: for agencies with a high degree of interaction with legislators, the Governor or the judicial branch, or those that have a prior facility investment.

Capitol City: for agencies with a high degree of interaction with the public and business community or which provide support services.

Capitol Region: for agencies throughout the state the offer State government service, consolidating over-the -counter services at locations near customers.

### **Project Rationale**

The 1993 Strategic Plan for Locating State Agencies established a plan for meeting agencies' space needs during the next 20 years. While the core principles of the plan remain relevant and are still used by the department in decision-making, changes in the operating environment of Minnesota State Government and changes in the way we "office" need to be evaluated and incorporated in the context of creating a strategic facilities master plan for the next 20 years. The strategic plan has not been formally reviewed and updated since 1995. An updated plan will provide critical data and information to decision makers as they consider future state facility development, operations, occupancy and investment.

### **Project Timeline**

It will take roughly one year to 18 months to research and produce a new Strategic Plan.

### **Other Considerations**

Among other things, under Section 16B.24 the Commissioner of Administration is authorized to:

- Maintain and operate the State Capitol Building and grounds and all other buildings, cafeterias, and grounds in state-owned buildings in the Capitol area, and when advisable and practicable, any other building or premises owned or rented by the state for the use of a state agency
- Assign and reassign office space in the Capitol and state buildings
- Regularly update the long-range strategic plan for locating agencies and follow the plan in assigning and reassigning space to agencies
- Sell, demolish, or dispose of state-owned buildings upon request from head of agency with control
  or as needed
- Rent out state property that is not needed for public use
- Lease space in state owned buildings under Department of Administration control to state agencies and judicial branch and charge rent based on square footage occupied
- · Lease land and other premises when necessary for state purposes

## **Impact on Agency Operating Budgets**

No long term impacts on Operating Budgets are expected.

## **Description of Previous Appropriations**

Legislation was passed in 1992 (Chapter 558, Section 12, Subdivision 6) appropriating \$420,000 from the general fund to complete strategic long range plan for state agency office space in the metropolitan area.

#### **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## **Energy Efficiency Revolving Fund**

### **AT A GLANCE**

**2018 Request Amount:** \$10,000

Priority Ranking: 4

**Project Summary:** This request would allow the establishment of an Energy Efficiency

Revolving Fund. Agencies would have the opportunity to make investments in their facilities and operations that improve energy

efficiency.

## **Project Description**

A one time funding of an Energy Efficiency Revolving Fund which allow agencies to borrow and repay a fund to make improvements to facilities and operations that will yield a savings in energy costs. As the efficiencies result in savings, the agency will repay the fund ensuring that there is always funding available for the State to continuously move toward the most energy efficient operations.

## **Project Rationale**

In many instances, agencies are aware of opportunities to make improvements to facilities or operations that will improve energy efficiency. However, they do not have access to the upfront resources needed to make the capital improvements and are unable to demonstrate an immediate Return on Investment (ROI) as the improvements often take time to generate a return. The Energy Efficiency Revolving Fund would allow agencies to "borrow" from the fund to make necessary improvements. As those energy efficiencies begin to result in savings, the agency can make payments to replenish the fund. This will allow other agencies to make their own improvements.

### **Project Timeline**

As soon as the fund is established, agencies will have the opportunity to request project dollars.

#### Other Considerations

None.

## **Impact on Agency Operating Budgets**

Long term, this will decrease energy costs for agencies as they implement more energy efficiencies within their facilities.

#### **Description of Previous Appropriations**

### **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## **CAPRA (Capital Asset Preservation and Replacement Account)**

**AT A GLANCE** 

**2018 Request Amount:** \$5,000

**Priority Ranking:** 5

**Project Summary:** Capital Asset Preservation and Replacement Account (CAPRA) supports

emergency repairs and unanticipated hazardous material abatement

needs for state -owned facilities throughout Minnesota.

## **Project Description**

CAPRA, established under MS 16A.632, is a statewide fund centrally managed by the Department of Administration (Admin) for use by all state agencies. CAPRA funds support emergency repairs and unanticipated hazardous material abatement needs for state agency facilities.

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, Minnesota Amateur Sports Commission, and Admin.

## **Project Rationale**

As revised and narrowed in 2003, CAPRA is an emergency funding source that provides rapid financial assistnace to state agencies to help in sdisasters and to address urgent and unanticipated facility needs. It provides assistance for the unexpected failure of key components, systems as well as unexpected deficiencies discovered at state-owned buildings. Examples of its past uses include asbestos and lead abatement, emergency roof, pipe and structural repairs, fire and water damage repairs, replacement of failed air conditioning, boiler and water heater units, and life-safety systems repairs (e.g. fire sprinkler protection, fire alarm/detection systems, emergency generators). Asset Preservation (AP) funding across the enterprise continues to be a significant need and inadequate funding for asset preservation tends to increase the likely need for emergency requests for CAPRA funding. Prior to 2003, CAPRA provided general asset preservation funds to meet needs.

## **Project Timeline**

As agencies identify emergency needs, projects will be funded and repairs will be executed.

### **Other Considerations**

Asset Preservation continues to be an issue. Adequately maintaining state facilities is imperative to support the efficient and effective delivery of services and programs to our customers, the taxpayers and the people of Minnesota. To the degree that agency asset preservation requests are underfunded, there will likely be increased emergency requests for for CAPRA funding.

### **Impact on Agency Operating Budgets**

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 damages to state facilities.

# **Description of Previous Appropriations**

# **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## **Centennial Office Building Repair and Renovation**

**AT A GLANCE** 

**2018 Request Amount:** \$90,000

**Priority Ranking:** 6

**Project Summary:** Design and construction funds for the renovation of the Centennial Office

Building located on the Capitol Complex in St. Paul. The project will address building systems that are beyond their useful life and programming deficiencies in the Building, as identified in the Pre-Design

Report prepared in August of 2017.

## **Project Description**

The project request involves the design and renovation funds necessary for the replacement of building infrastructure systems, reprogramming and updating of interior spaces for the existing 392,000 gross square foot facility. Exterior building envelope improvements will also be made.

## **Project Rationale**

The Centennial Office Building is now 59 years old. It has served us well since it opened in 1958 but its age is beginning to show. Maintenance and repair requirements are steadily increasing, energy efficiency is significantly less than what today's energy codes and standards require and its functionality for today's workforce is less than optimal.

- The main electrical gear is out of code and a safety concern
- The main electrical distribution system is outdated and inaccessible as a result of subsequent infrastructure installations throughout the building over the years
- The emergency power generator needs to be sized for the load of the building
- The return air capacity in the building is undersized and creates air flow deficiencies throughout
- The supply air distribution system no longer works properly and must be replaced with new reheatcoil type units
- · The domestic hot water and building heating systems need replacement
- The windows are approaching their life expectancy
- The roof is showing signs of deterioration and will need replacement
- Interior temperatures are extremely difficult to control
- · Lighting is outdated and inefficient
- The layout needs to be updated to accommodate the workforce of the future

This project will further enable the Department of Administration to fulfill its mission of providing functional, efficient, safe, attractive, and sustainable office space for building occupants on the Capitol Complex by upgrading the existing building to meet today's safety and energy codes. This will in turn ensure greater operational reliability and uptime while providing state of the art energy conservation and sustainability attributes to the Capitol Complex building portfolio. This remodeled facility is also expected to significantly improve occupant efficiency and productivity. The replacement will bring the

1950s vintage office layouts to the standards of today and into tomorrow by providing a more collaborative work environment and more efficient use of floor space. Technology improvements will also make the work spaces more flexible.

As a result of our annual facility condition audits, the facility condition index for this facility was evaluated to be it in the fair to poor condition range making it a top priority for renovation due to the age and condition of many of the building's components. Additionally, discontent from the building tenants regarding the functionality and climate control issues add to our sense of urgency to complete this project.

Alternatively, there is an option to replace the existing Centennial Office Building on site. The cost to demolish and rebuild in the existing location is estimated at \$173,000,000.

## **Project Timeline**

One year for design, three years for building restoration/rebuild

#### Other Considerations

## **Impact on Agency Operating Budgets**

Improvements to building systems, such as the replacement of obsolete mechanical systems will result in energy and cost savings. However, bringing spaces up to compliance with modern standards of lighting and air quality will also impact costs. To avoid unsustainable rent costs for tenants in the Centennial Office Building, it is recommended that the debt service associated with this project be waived. Absent a legislative waiver similar to the Capitol Restoration (Laws of Minnesota 2013, Chapter 136, Section 18 provided the following: Notwithstanding M.S. 16B.24, Subd. 5, para. (d), the commissioner of administration shall not collect rent to recover bond interest costs or building depreciation costs for any appropriations utilized in the restoration of the State Capitol, between calendar years 2012 and 2017), the cost of bond interest over 20 years and depreciation over 30 years will be recovered through lease rates to building tenants.

Alternatively, there is an option to replace the existing Centennial Office Building on site. The cost to demolish and rebuild in the existing location is estimated at \$173,000,000.

#### Impact on Agency Operating Budgets

The Department of Administration will operate and maintain the building. The agency occupant(s) will be responsible for programming and staffing the building's activities.

## **Description of Previous Appropriations**

### **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## **Acquisition of Lot AA**

## **AT A GLANCE**

**2018 Request Amount:** \$2,000

Priority Ranking: 7

**Project Summary:** The acquisition of property, as well as the design and complete site-work

and paving, and equipment needed to provide additional parking for the

Capitol Complex.

## **Project Description**

There is non-state owned property in the Capitol Campus currently available for sale. The parcel is strategically located adjacent to a state-owned parking lot in close proximity to the State Capitol, State Office Building and Minnesota Senate Building. \$2.0M of requested funding would be used to acquire the property, design and complete the site-work, paving and equipment needed to provide additional parking for the Capitol Campus.

### **Project Rationale**

Admin currently leases 650 surface parking spaces at Sears. The owner of the Sears site has indicated an intention to redevelop the site, which would make the surface parking spaces no longer available for lease.

Visitor parking in close proximity to the Capitol, State Office Building and Minnesota Senate Building is also strained. This parcel would help provide improved access for the public.

### **Project Timeline**

Negotiations for the property acquisition can begin once the project has been funded.

#### **Other Considerations**

Maintenance and operating costs will be covered by parking fees collected on the spaces.

### **Impact on Agency Operating Budgets**

None known.

## **Description of Previous Appropriations**

### **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## **Capitol Complex Security Upgrades**

## **AT A GLANCE**

**2018 Request Amount:** \$32,720

**Priority Ranking:** 8

**Project Summary:** Design and construction of various physical security upgrades across the

Capitol Complex.

## **Project Description**

The recommended upgrades are the result of a physical security study, commissioned by the Advisory Committee for Capitol Area Security in 2013. The study identified significant vulnerabilities in and around facilities on the Capitol Complex. This project will provide the physical security improvements necessary to mitigate those vulnerabilities and thus lessen the risk of damage to state facilities and harm to those who work on and visit the Capitol Complex. In 2016 the Governor recommended \$26.2M in bonds and cash to fund this project. In 2017 he recommended \$18.5M in bonds. Neither recommendation was funded. The \$26.2M request will allow for much better security for the overall complex, as well as individual buildings.

#### Resources will be used to fund:

- · Installation of bollards
- Projectile resistant glass
- · Additional card readers
- · Security kiosks
- Utility protection devices
- Parking controls
- Additional emergency call stations
- Secure air intakes
- · Window well protection

## **Project Rationale**

The Advisory Committee on Capitol Area Security was created statutorily in 2012. Its purpose is to assess and advise the legislature on security issues and recommend security improvements as necessary. The Committee is chaired by the Lieutenant Governor. Membership is composed of the Chief Justice of the Minnesota Supreme Court and members from both houses of the legislature and from each political party within them, as well as the Commissioner of the Department of Administration. It also consists of advisors from the legislative, judicial, and executive branches of state government as well as those from the corporate and educational sectors of our society.

One of the first undertakings of the Committee was to hire a consultant to conduct a Physical Security Study to assess the threats and vulnerabilities of the Capitol Complex. Previous studies focused on operational security vulnerabilities. This one would be different in that it focused on the physical

vulnerabilities of the facilities. The study was performed by architects, engineers and security professionals. It examined the structural, landform and architectural elements of structures. It assigned security risk levels and priorities and it provided the recommended physical security improvements for the Complex. The study was completed in June of 2014.

The study identified 139 vulnerabilities across the Capitol Complex that, if not removed, could result in loss of life, assets, and impacts to government operations. To reduce the vulnerabilities, the Study recommends implementing the measures identified in the Project Description above.

## **Project Timeline**

One year for design. 18 months for installation.

### **Other Considerations**

None.

## **Impact on Agency Operating Budgets**

These improvements will have a minor impact on annual maintenance operating costs that will be recovered in lease rates to building tenants.

## **Description of Previous Appropriations**

### **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## **State Agency Relocation**

### **AT A GLANCE**

**2018 Request Amount:** \$1,500

**Priority Ranking:** 9

**Project Summary:** Agency relocation funding to facilitate moves of state operations from

existing locations when doing so improves agency operations, yields cost savings, and/or facilitates better customer service. This funding is also needed to optimize the use of state-owned facilities and backfill pockets of vacant space when agencies downsize, adjust their operations, or vacate space. This request is for needs not covered under other capital requests.

## **Project Description**

Relocation funding is needed when 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 occur, remodeling needs to be accomplished, or when an agency has an opportunity to substantially reduce its rent.

Because these events are typically of an unforeseen nature for which the agency or the enterprise has not programmed funds, the lack of access to relocation funding can create a disincentive to beneficial moves. Relocation funding is used to cover costs incurred to facilitate relocations, including moving and/or installing furniture and equipment, a long with voice and data services.

the data center consolidation is an example of an initiative that creates pockets of vacant space in state facilities. Relocation funding will aid in re-purposing the spaces for other uses. Another example might be an office building with underutilized space where a re-stacking or reconfiguration of the existing floors and layouts would allow greater densities and other space efficiencies.

### **Project Rationale**

Events that trigger the need for agency moves can arise at any time and are often unexpected. The key to making sure the most is made of these opportunities is ready access to funding to facilitate the projects. Lack of readily available funding either prevents the opportunities from being realized or requires a reallocation of internal resources.

#### **Project Timeline**

As agencies identify a need to relocate or as an opportunity to relocate to create efficiencies occurs, this fund will allow agency moves without impacting operating budgets.

#### Other Considerations

The Commissioner of Administration is charged by M.S. Section 16B.24 to lease office space for state agencies in either state-owned or non-state-owned facilities. When contractual arrangements dictate the need for an agency to relocate, or when the agency believes it must relocate for other reasons, the costs of relocating can be funded in one of three basic ways:

- 1. Agency reallocation within existing base
- 2. Capital budget
- 3. Biennial (Operating) Budget

The distinction between the three methods is whether or not an appropriation is requested from the Legislature and the timing of that request. Relocation costs include expenses of the move, as well as any permanent differential between the rental expense of the old and new locations.

## **Impact on Agency Operating Budgets**

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.

## **Description of Previous Appropriations**

The following are the most recent appropriations to the Department of Administration:

- 1. 2002 \$1,500,000
- 2. 2003 \$500,000
- 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. In addition, funds were appropriated in 2013 and 2015 for relocations related to restoration of the State Capitol building.

## **Project Contact Person**

# **Project Narrative**

(\$ in thousands)

## State Office Building Renovation Design

**AT A GLANCE** 

**2018 Request Amount:** \$24,502

**Priority Ranking:** 10

**Project Summary:** Design for the remodeling and renovation of the State Office Building

located on the Capitol Complex in St. Paul. The project will address building systems that are beyond their useful life and other deficiencies in the Building and adjacent Parking Ramp, as identified in the Facility Condition Assessment prepared in 2011 and in the Predesign Report prepared in December of 2012. This request includes programming

changes to the architectural space in the Building.

## **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 comprehensively 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 & sustainability

A major renovation on the building was last completed in 1985. Since then only routine maintenance and repairs have occurred. Consequently, the plumbing, mechanical, controls, and air distribution systems are now at the end of their rated useful life, causing higher operating and repair costs and risking shut down in the event of a total system failure. The lighting system is outdated and inadequate and the windows and skylights do not meet today's energy codes. Additionally, the emergency power, emergency lighting and fire alarm systems are well beyond their rated life and may be inadequate in the event of an emergency. This project will provide a comprehensive approach for the reprogramming, restoration, and preservation of the building.

The proposed funding and implementation plan is as follows:

- 2018 \$24,502,000 for design, pre-construction services, and swing space construction (Estimate Pending)
- 2020 \$222,751,000 construction and occupancy costs (Estimate pending; based on Oct '21 MPC)

### **Project Rationale**

Based on the findings of the Facility Condition Assessment and Predesign Report, the comprehensive renovation of the State Office Building has been identified as a priority for the department. For logistical reasons, the renovation of the State Office Building necessarily needed to occur after

completion of Capitol Restoration. This project will further enable the Department of Administration to fulfill its mission of providing functional, efficient, safe, attractive, and sustainable office space for building occupants on the Capitol Complex by upgrading the existing building to meet today's safety and energy codes. This will in turn ensure greater operational reliability and uptime while providing state of the art energy conservation and sustainability attributes to the Capitol Complex building portfolio. This remodeled facility is also expected to significantly improve occupant efficiency and productivity. The replacement will bring the vintage office layouts to the standards of today and into tomorrow by providing a more collaborative work environment and more efficient use of floor space. Technology improvements will also make the work spaces more flexible.

## **Project Timeline**

Design funds requested in 2018, construction funds requested in 2020 and three years of construction.

### **Other Considerations**

None

## **Impact on Agency Operating Budgets**

Improvements to building systems, such as the replacement of obsolete mechanical systems will result in energy and cost savings. However, bringing spaces up to compliance with modern standards of lighting and air quality will also impact costs. To avoid unsustainable rent costs for tenants in the State Office Building, it is recommended that the debt service associated with this project be waived. Absent a legislative waiver similar to the Capitol Restoration (Laws of Minnesota 2013, Chapter 136, Section 18 provided the following: Notwithstanding M.S. 16B.24, Subd. 5, para. (d), the commissioner of administration shall not collect rent to recover bond interest costs or building depreciation costs for any appropriations utilized in the restoration of the State Capitol, between calendar years 2012 and 2017), the cost of bond interest over 20 years and depreciation over 30 years will be recovered through lease rates to building tenants.

## **Description of Previous Appropriations**

Predesign funded from the 2011 Capital Budget asset preservation appropriation.

## **Project Contact Person**