STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

January 24, 1995

The Honorable Gene Merriam
122 State Capitol
St. Paul, MN 55155

The Honorable Henry Kalis
543 State Office Building
St. Paul, MN 55155

Patrick Flahaven
Secretary of the Senate
231 State Capitol
St. Paul, MN 55155

Edward Burdick
Chief Clerk of the House
211 State Capitol
St. Paul, MN 55155

TO THE MEMBERS OF THE 1995 LEGISLATURE:

We are pleased to submit our 1995 capital budget and agency recommendations which seek action in the 1995 Legislature, as attached.

The number of recommended projects could have been much larger. However, our administration is committed to an understanding with the Legislature whereby major bonding bills be considered in sessions of even-numbered years, with action in odd-numbered years limited to emergency capital requests only. We must be prudent this session in order to preserve bonding capacity in future years.

The six projects recommended in our capital budget are for emergencies and one-time market opportunities which cannot be delayed until the start of the 1996 legislative session.

Three enclosures are attached for your consideration which include a summary of the capital projects recommended for authorization by the 1995 legislature, an analysis of the impact of these recommendations on our future debt capacity through F.Y. 2001, and project detail sheets for each individual project recommended.

Warmest regards,

ARNE H. CARLSON
Governor

JOANNE E. BENSON
Lt. Governor

Minnesota Strategic Capital Budget Plan 1995-99
Governor's Recommendations
(in $000)

	Project Funding	Strategic Score	Agency Request FY 95	Agency Request FY 96	Agency Request FY 98	Governor's Recommendation FY 95	Governor's Planning Estimates FY 96	Governor's Planning Estimates FY 98
Administration								
Acquisition of Bethesda Hospital	GF	290	1,500	0	0	**1,500**	0	0
Agriculture								
Seed Potato Inspection Facility	UF	700	225	0	0	**225**	0	0
Corrections								
MCF Sauk Center Renovation	GF	435	421	0	0	**421**	0	0
MCF Moose Lake Bldg 30 Demolition	GF/FF	225	228	0	0	**228**	0	0
Trade & Economic Development								
Safe Drinking Water Capitalization Grants	GF/FF	524	9,200	13,200	13,200	**9,200**	13,200	13,200
Transportation								
Acquisition of Waters Edge Building	THF	310	9,000	0	0	**9,000**	0	0
Finance								
Bond Sale Expenses	GF	n/a	11	0	0	**11**	0	0
	Totals		**$20,585**	**$13,200**	**$13,200**	**$20,585**	**$13,200**	**$13,200**

LEGEND

GF = General Fund (G.O. Bonds)
THF = Trunk Highway Fund
UF = User Financing
FF = Federal Funding

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DEBT MANAGEMENT PLANNING FRAMEWORK

($ in Thousands)

Debt Service Capacity	**1994–95**	**1996–97**	**1998–99**	**2000–01**
NonDedicated Revenue	16,595,832	17,537,512	18,991,047	21,012,205
3 Percent Debt Capacity	497,875	526,125	569,731	630,366
Actual Debt Service Appropriation	437,000			
Less:				
Year 1 Debt Service – Base	222,963	187,074	179,392	143,169
Year 2 Debt Service – Base	212,890	182,716	160,816	129,200
Net Biennial Existing Debt	435,853	369,790	340,208	272,369
Available Debt Service Capacity	1,147	156,335	229,524	357,997
Less:				
New Debt Service for Existing Authorizations (1)	0	134,393	138,295	132,148
Use of Debt Management Tools	N.A.	(25,000)	4,200	7,700
Net Debt Service for Existing Authorizations	0	109,393	142,495	139,848
Total Debt Service	435,853	479,183	482,703	412,217
Excess/(Shortfall) Capacity	1,147	46,942	87,028	218,149
Debt Service to General Fund Revenue (Debt Management Guideline)	2.63%	2.73%	2.54%	1.96%
Debt Management Planning Framework				
Debt Service Dollars Required	N.A.	13,822	98,031	217,053
Add'l Invest. Income from New Capital Budgets	N.A.	(1,632)	(11,385)	(15,679)
Debt Service Dollars Required	N.A.	12,190	86,647	201,373
Total Debt Service Required		491,373	569,350	613,590
Debt Service to General Fund Revenue	N.A.	2.80%	3.00%	2.92%
Estimated Bond Authorizations (2)	N.A.	496,360	553,600	752,400

(1) Based upon cash flow estimates from the December, 1994 forecast. Assumed Bond Sales:

$128,000 sold 3/95 @ 5.75%	$60,768 sold 8/97 @ 5.20%
$349,000 sold 8/95 @ 5.50%	$6,773 sold 8/98 @ 5.20%
$228,000 sold 8/96 @ 5.10%	$6,773 sold 3/99 @ 5.20%

(2) All future major Capital Budgets are assumed to be authorized in the even numbered years with small Capital Budgets in the odd numbered years. Estimated Bond Authorizations:

1995 Session	11,360	1999 Session	57,400
1996 Session	485,000	2000 Session	695,000
1997 Session	53,600		
1998 Session	500,000	Total	1,802,360

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AGENCY CAPITAL BUDGET BRIEF

Form A

Strategic Planning Summary

1995 Session Request

1. **AGENCY:** Administration, Department of (Admin)

2. **AGENCY MISSION STATEMENT:**
The mission of Minnesota's Department of Administration (Admin) is "to improve the quality and productivity of Minnesota government." We provide our customers in state and local agencies with business management and administrative services that enable those agencies to better serve the public. Admin has the responsibility to provide high quality, efficient, responsive, innovative and cost-effective property-related services for safe and healthy working environments that influence the quality of services delivered by state agencies. Included is the providing of office space whether in state-owned or privately-owned leased facilities.

3. **TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES OR CAPITAL PROGRAMS:**
As state agency programs expanded in the 1970's, agency operations became dispersed and fragmented in numerous privately-owned leased facilities. In the 1980's, Admin focused on consolidating and colocating state agency operations for improved operating efficiency and delivery of services. Prior to the construction of the Judicial Center and the History Center, the last offices constructed in the Capitol complex were the Administration Building in 1967 and the Veterans Service Building addition in 1972. The Capitol Square Building, acquired in 1970, was the last office building purchased by the state.

Since the 1970's, the state has relied on meeting state agency office space needs by leasing space in privately-owned facilities. Today, state operations such as the departments of Agriculture, Revenue, Human Services, Natural Resources, and a number of operations formerly housed in the Capitol complex are now located away from the seat of government in privately-owned leased facilities.

To better manage the state's office space, Admin developed a long-range strategic plan in 1993 for locating state agencies in the metropolitan area. This was in accordance with the 1992 Capital Budget Reform report to the legislature recommending the development of master plans for each state-owned campus.

The current space inventory is comprised of 1.8 million square feet of state-owned and 2.0 million square feet in privately-owned leased office space in the 7 county metropolitan area. Over the last 16 years, the amount of office space leased has more than doubled while the amount of owned space has remained relatively constant.

Based on state agencies' long-range program needs and estimates, state agency rate of growth is projected between 1.2% to 2.0% per year over the next 20 years with an immediate need for an additional 300,000 square feet. By the year 2013 state agency space requirements could total an estimated 5.0 to 5.9 million square feet of space. This is an increase of 1.2 to 2.1 million square feet over the 3.8 million square feet state agencies currently occupy in state-owned facilities and in privately-owned leased facilities. The state's current and projected space needs are illustrated in the graph on the last page of this strategic planning summary.

Recent studies indicate that it is more economical in the long term to own rather than lease office space. The state currently leases office space in the metropolitan area at a rental cost of about $36 million annually, or an average rent of $13.32 per square foot. If the state continues to meet its future space needs only by leasing privately-owned office space, the annual cost would more than double based on the current lease rate with no adjustment for escalation in lease rates.

Admin will need to acquire property to meet current needs, to ensure land is available at the lowest cost possible, to meet state expansion needs in the future, and to strengthen the image of the State Capitol as the central local location for state government. By increasing the amount of state-owned space, the state has the opportunity to control its long-term costs and acquire equity in the buildings it occupies. The Strategic Plan encourages ownership in the Capitol area. Admin will pursue and analyze on a case-by-case basis such options as constructing, purchasing, or leasing of buildings in order to provide adequate facilities for state government operations and to take advantage of real estate market opportunities.

Although new technology permits some decentralization of agencies, technology also supports and increases the efficiency of central management functions. Telecommuting, telecopying, and electronic information storage help reduce travel demand and document storage space. However, the expansion of personal computer use and associated training and teleconferencing facilities will offset much of the space savings. Therefore, a significant reduction in agency headquarters functions and space needs is not anticipated. State agencies will need to identify telecommuting opportunities so that state facilities can be designed with the flexibility to respond to rapid technological advances.

4. **PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS OR ASSETS:**

The demands on state government have outgrown new state office construction during the past 20 years. As a result, only 48% of the state's business is now conducted in buildings owned and managed by the state in the Twin Cities metropolitan area.

Studies indicate that the state's dependence on leasing privately-owned office space is a costly and inefficient method of providing office space over the long term. Short-term leases with escalating rent clauses are not economical uses of state funds. The state currently expends about $36 million annually for privately-owned leased space in the metropolitan area.

Admin will need to continue to make land and property acquisitions that are economically sound investments for the state. Although the state currently owns property in the East Capitol Area of the Capitol complex on which new buildings could be constructed, acquisition of properties in other locations is necessary for the efficient delivery of state agency programs and services to the public. This includes analysis of any property that becomes available for acquisition by the state but is not specifically identified in the Strategic Plan.

5. **DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:**

Admin developed a long-range Strategic Plan For Locating State Agencies in the metropolitan area. This is a flexible plan to guide where state agencies are located in the future with the financing methods used to acquire the space needed for state agencies. The goals of this plan are to:

a. Achieve economy and efficiency in the location, development, and financing of leased and owned state space.
b. Ensure the integrity and design quality of state facilities located in the Capitol area and throughout the metropolitan area and preserve the dignity and heritage of the Capitol area.
c. Provide sufficient flexibility in the strategic plan to adapt effectively to change in space needs, the market place, and funding restraints.
d. Encourage alternate forms of transportation that increase accessibility and mobility, decrease parking conflicts and congestion around state facilities and ensure a safer and more convenient environment for pedestrians, transit patrons, and motorists.
e. Take a leadership role in environmental stewardship and sound regional growth management.

To realize the long-term cost savings of ownership, it is Admin's objective to change the ratio of space it leases and owns with the goal of locating up to 70% of the state's office space in state-owned buildings and locating 30% of the space in privately-owned facilities by the year 2013. Assuming a moderate rate of growth, the amount of privately-owned leased office space will decline from 2.0 million square feet to 1.8 million square feet while the amount of owned office space will increase from 1.8 million square feet to an estimated 4.1 million square feet. To achieve this increase in ownership of office space Admin will embark on an aggressive construction and property acquisition plan requiring a significant commitment of state resources.

The first 6 years of the plan addresses the most immediate and pressing agency office space needs.

Admin will request funds to plan and construct state support service facilities in a light industrial area in order to free up existing state-owned property in the Capitol area for the construction of a new Health building; design 2 new facilities for the departments of Health and Military Affairs within the Capitol area with appropriate parking structures; predesign for 2 more office buildings; and to acquire property for 2 of the projects or for other desirable property for future state use. Where appropriate, the office buildings will be designed for general office use to provide greater flexibility in meeting agency program needs.

In addition to increasing the state's ownership of office space through construction, the long-range Strategic Plan will provide for increasing office space through the purchase of privately-owned leased facilities housing state agency operations. Admin will use the Automated Prospectus System (TAPS), a computer program developed for the U.S. General Services Administration (GSA), to do case-by-case analysis of the proposed acquisitions and determine the financing method that is economically beneficial to the state. The Strategic Plan can be adjusted periodically to reflect significant implementation actions taken and to accommodate governmental reorganizational actions.

As the Strategic Plan is implemented, Admin will request and manage agency relocation funds whenever a state agency needs to relocate, consolidate, or colocate operations, and the agency is unable to pay for the costs of moving from the agency's operating funds.

6. **AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:**
A legislative appropriation funded the development of a much needed long-range Strategic Plan for Locating State Agencies. Consultants were hired to develop this plan with input from state agencies, legislators, local government, and special interest groups. The plan has the flexibility to be updated as changes occur in the next 20 years. To facilitate the decision to own or lease space for state agencies, Admin uses the TAPS software program to do case-by-case analysis of various cost options. TAPS uses the life-cycle costing method to calculate and compare the costs of providing office space through leasing, building, buying, or lease with option to buy.

This capital budget request continues implementation of the Strategic Plan which will be phased over the next 20 years. The new development aspects of the Strategic Plan are integrated with the ongoing capital improvements that are needed for the buildings Admin manages in the Capitol complex. This master plan will guide Admin's capital budget requests for the next 6 years and beyond. In developing this plan high priority is given to any project that is mandated by law, where life safety improvements are imperative to meet code requirements, where major improvements are needed to preserve the state's investment in its building assets, and where there are long-term economic advantages to the state by increasing ownership of office space through either construction or acquisition. In preparing the capital budget requests, Admin uses in-house staff, consultants, or a combination thereof to analyze improvements needed, to develop cost estimates, and to determine the best course of action for recommendation to the Governor and the legislature.

7. **AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1990-1995):**
Admin is completing conversion of the former Historical Society building to Phase II of the Judicial Center, renovating the Transportation building, replacing the Capitol roof and restoring the Quadriga, negotiating to acquire property within the Capitol area, predesigning facilities for the departments of Health and Military Affairs, installing security and surveillance equipment, installing a third electrical switch gear in the Capitol area, and managing statewide funds for CAPRA, hazardous material abatement, and building accessibility projects.

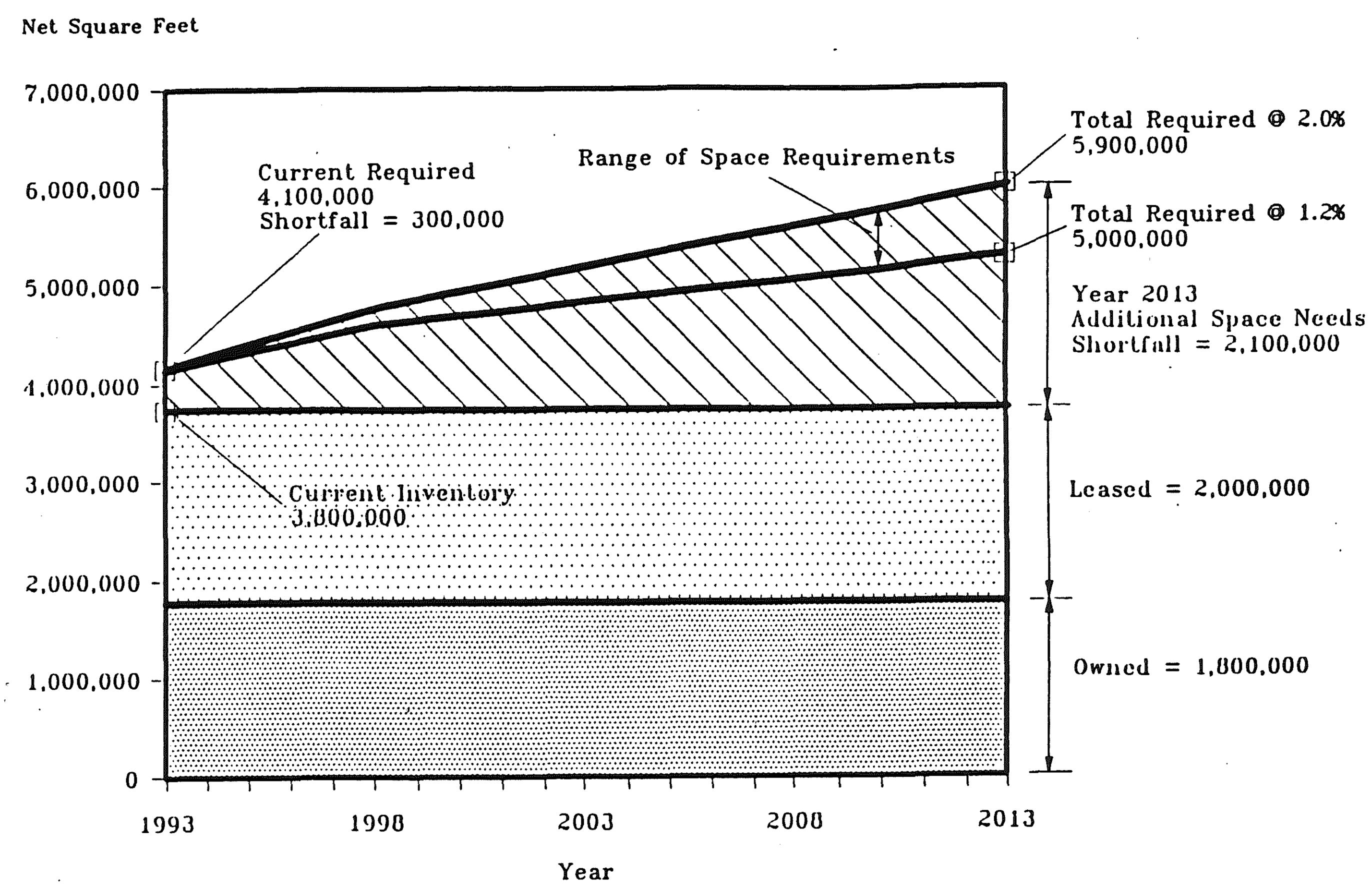
Significant projects completed included construction of the Judicial Center and the History Center, renovation of the Centennial Building, exterior and interior restoration of the state Capitol chambers, installation of a fire management system in the Capitol Building, renovation of office space and hearing rooms, construction of the State Office Building parking ramp, major repairs to the Centennial parking ramp, improved lighting and security in the Capitol complex parking lots and ramps, and storm and sanitary sewer separation in the Capitol area. The department also relocated, consolidated, or colocated several state agencies such as the Department of Revenue, the Department of Human Services, environmental agencies, and staff agencies.

8. **OTHER (OPTIONAL):**
N/A

9. **AGENCY CONTACT PERSON, TITLE, AND PHONE**
Dennis J. Spalla
Assistant Commissioner
296-6852

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary (Cont'd.)
1995 Session Request

STATE SPACE REQUIREMENTS



AGENCY CAPITAL BUDGET REQUEST
Building Project Detail
1995 Session Request
Dollars in Thousands ($137,500 = $138)

AGENCY: Administration, Department of (Admin)
PROJECT TITLE: Property Acquisition
TOTAL PROJECT COSTS (ALL YEARS): NA
APPROPRIATION REQUEST FOR 1995 SESSION: 1,500
APPROPRIATION ESTIMATE FOR 1996 SESSION: NA
APPROPRIATION ESTIMATE FOR 1998 SESSION: NA
LOCATION (CAMPUS, CITY, COUNTY): St. Paul

AGENCY PRIORITY (for projects in the 1996 Session only):

 # 1 of 1 requests

1. **PROJECT DESCRIPTION:**

To obtain an option to purchase the existing HealthEast Bethesda Lutheran Hospital facility located north of the Capitol complex for conversion to state use and to develop a predesign for the comprehensive renovation of the facility.

2. **PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:**

HealthEast has determined through their own long-range master plan that it would be more cost effective to relocate the Bethesda health care operations to other locations in the St. Paul area. They have approached the state of Minnesota as a prospective purchaser of the Bethesda property.

Admin has conducted a due diligence analysis of the physical condition of the property and had 2 property appraisals performed. Funds are needed to enter into good-faith negotiations, to demonstrate the state's commitment, to enter into an option to purchase agreement, and to hold the property contingent upon legislative action in 1996. The property is highly desirable for state use due to its close proximity to the Capitol and other state government offices.

The second part of this request is to secure funds for a predesign phase to determine cost parameters of renovation, adaption, conversion, and physical plant renewal costs, such as the extent of code deficiencies, hazardous materials, parking deck deterioration and Americans with Disabilities Act (ADA) compliance. This would enable Admin to confirm the actual gross to net square foot ratio that would be available for the state's future needs, evaluate the existing energy sources within the Capitol complex, review the food service operation, the use of versatile storage space, and the capabilities for either office or conference space.

The 1992 legislature appropriated funds for the Department of Administration to develop a Strategic Plan for Locating State Agencies. Now that HealthEast has approached the state to purchase the Bethesda property, Admin needs to study the effect such an acquisition would have on the Strategic Plan.

The Bethesda property is located on 8.1 acres generally bounded by Como Avenue on the north, Cedar Street on the east, Sherburne Avenue on the south, excluding the Minnesota Educational Association (MEA) facility and the Capitol Credit Union, and Park Street on the west. In addition, the parking ramp located north of Como Avenue between Park Street and Capitol Boulevard is owned by HealthEast as well as the land underlying the Capitol Professional Office building.

The Bethesda facilities are comprised of the 10-level main hospital building, an 8-story vacated nurses residence, a 5-story care center, a 2-story respiratory care facility, 2 structured parking ramps, 2 surface parking lots, interconnecting tunnels, and a skyway.

The present overall existing hospital complex has 466,000 gross square feet (gsf) of real estate distributed among its variety of components.

Facilities:

- The north wing of the main hospital building was constructed in 1931 with major additions to the service areas in 1954; the south wing in 1964 and the west wing in 1969. The main hospital is approximately 336,000 gross square gsf on 10 levels; in recent years a number of main hospital patient rooms were converted to offices or conference rooms.

- The Care Center is a 5-story building of approximately 50,000 gsf programmed for acute care; it is in need of major code and utility renovations.

- Mattson Hall is a vacated 8-floor nurses dormitory of approximately 72,000 gsf. The heating systems were abandoned in the early 1980's and this facility is now used only for storage purposes.

■ The Respiratory Care Center is a 2-story residential eight-plex facility of 8,000 gsf.

■ All of the above listed facilities are connected by an underground tunnel system.

Parking Facilities:

■ The Park Street parking ramp was constructed in 1981, has 530 stalls and is connected by skyway to the main hospital building.

■ The Como Avenue parking ramp was built in 1958, expanded in 1973, holds 293 vehicles, and is connected by tunnel under Como Avenue to the main hospital.

■ The Cedar/Como surface lot located east of Mattson Hall has a 68 vehicle capacity.

■ The surface lot south of Charles Street between Cedar and Capitol Boulevard has 110 stalls.

■ There are 823 parking stalls between the two ramps plus 178 surface stalls for a grand total of 1,001 available parking spaces.

The physical plant must be analyzed as to proper adaptability, conversion, flexibility, and programmatic use to establish a sound long-range facility management program. The investigation of existing facilities will determine whether each major facility is adequate in height, width, capacity, function, and how the space can be converted to immediate state needs.

HealthEast's 1992 Master Plan declared Mattson Hall and the Care Center inadequate for their needs and recommended they be demolished and replaced with new facilities. However, further analysis is needed before deciding on the possible use of those buildings for state purposes.

From a real estate perspective the HealthEast Bethesda property provides alternatives that are in harmony with the long-range Strategic Plan for Locating State Agencies. The property is not on the tax rolls because HealthEast is a nonprofit corporation, so that state ownership will not reduce the tax base of the city of St. Paul.

The existing facilities cover approximately 40% of the total land area of the property. If it is determined that certain existing facilities are to be or are not to be saved, the remaining portions of the 8.1 acres allows more than adequate space for development in the future to fulfill state needs.

Hospitals are a multi-faceted operation which makes this diverse property more inviting to house state-owned functions. The main hospital facility has the potential to house a number of state agencies or possibly be adapted for a single tenant. The availability of this facility would give Admin the opportunity to relocate or colocate state agencies in one location to increase their operational efficiency and public service access.

This prime location provides an opportunity to centralize state facilities within the Capitol area. The property is excellent for the extension of governmental functions near the Capitol because it is readily accessible by transit as well as private vehicle, has its own energy plant, tunnel system, and the ability to be connected to the rest of the Capitol network by the latest means of information technology.

3. **IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):**

The acquisition of this property for consolidation and colocation of state agencies would be in keeping with the recommendations of the strategic plan to reduce the amount of leased space occupied by state agencies and move closer toward the goal of 70% ownership of state occupied facilities.

In accordance with the long-range Strategic Plan, acquisition of this property will help meet the state's current needs, ensure land will be available at the lowest possible cost to meet future needs, and avoid removing properties from the tax rolls. It will also provide the opportunity to maintain the design quality of the Capitol area as a whole and strengthen the image of the State Capitol as the central location for state government.

4. **OTHER CONSIDERATIONS (OPTIONAL):**

The Strategic Plan's transportation management goals are fostered by the acquisition of Bethesda since this facility is adjacent to several transit lines and offers the potential of 1,001 vehicular parking stalls in the Capitol area.

Initial review of the infrastructure indicates that the existing energy plant at Bethesda could be effectively updated and adapted to serve all state facilities north of University Avenue, which would relieve some of the stress on the existing Capitol complex cooling system.

In accordance with M.S. 16B.24, subd. 10, the predesign also would consider whether a child care center in this facility is needed.

5. **PROJECT CONTACT PERSON, TITLE, AND PHONE:**

Dennis J. Spalla
Assistant Commissioner
296-6852

AGENCY CAPITAL BUDGET REQUEST

Form D-2

Building Project Detail (Cont.'d)
1995 Session Request
Dollars in Thousands ($137,500 = $138)

PROJECT TYPE (check all that apply):

_X_ Construction or acquisition of a new facility for new, expanded or enhanced programs or for replacement purposes.
____ Adaption of an existing facility for new, expanded or enhanced uses.
____ Adaption of an existing facility for code-required changes, handicapped access or legal liability purposes.
____ Renewal of existing facilities or assets (no program expansion).

PROJECT CHARACTERISTICS (check all that apply):

____ Safety/liability
____ Hazardous materials
____ Asset preservation
____ Code compliance
____ Handicapped access (ADA)
____ Enhancement of existing programs/services
____ Expansion of existing programs/services
____ New programs/services
_X_ Co-location of facilities
____ Operating cost reductions and efficiencies
____ Other (specify):

PREVIOUSLY REQUESTED: _X_ No ___ Yes When? __________

PRIOR FUNDING: _X_ No ___ Yes
Laws ______, **Ch** ______, **Sec** ______ **$** ______
Laws ______, **Ch** ______, **Sec** ______ **$** ______

INFORMATION TECHNOLOGY AND TELECOMMUTING: NA

Information technology plan:
submitted to IPO ___ yes ___ no
approved by IPO ___ yes ___ no

Telecommuting plan or statement of non-practicability:
submitted to IPO ___ yes ___ no
approved by IPO ___ yes ___ no

AGENCY BUILDING NAME AND #:

STATE-WIDE BUILDING ID #:

FACILITY SQUARE FOOTAGE:

Existing Building
466,000 Gross Sq. Ft.

Project Scope
NA Gross Sq. Ft. Demolished
NA Gross Sq. Ft. Renewal or Adaption
NA Gross Sq. Ft. New Construction

Final Building Size
NA Gross Sq. Ft.

Are there design standards or guidelines that apply to your agency and this project?
_X_ Yes ____ No.

If so, please cite appropriate sources: CAAPB guidelines, local building code requirements, and Admin space guidelines and standards.

CHANGES IN OPERATING COSTS (Facilities Note): NA

	F.Y. 94-95	F.Y. 96-97	F.Y. 98-99
Change in Compensation	$	$	$
Change in Bldg. Oper. Expenses	$	$	$
Change in Lease Expenses	$	$	$
Change in Other Expenses	$	$	$
Total Change in Operating Costs	$ N/A	$ N/A	$ N/A

Other:

Change in F.T.E. Personnel	N/A	N/A	N/A

AGENCY CAPITAL BUDGET REQUEST

Form D-3

Building Project Detail (Cont.'d)
1995 Session Request
Dollars in Thousands ($137,500 = $138)

PROJECT COSTS:

Acquisition (land and buildings)	$ 1,150
Consultant Services (pre-design)	$ 350
Consultant Services (design)	$ 0
Construction	$ 0
Furnishings, Fixtures and Equipment (F.F. & E.)	$ 0
Data/Telecommunications	$ 0
Art Work (1% of construction)	$ 0
Project Management	$ 0
Project Contingency	$ 0
Related Projects	$ 0
Inflation adjustment (x%)	$ 0
Other Costs (please specify):	$ 0
TOTAL PROJECT COSTS 1995	$ 1,500

FUNDING SOURCE:

Total Project Costs (all years)	$ *
State Funding Requested (all years)	$
Federal Funding (all years)	$
Local Government Funding (all years)	$
Private Funding (all years)	$
For 1995 Session	
State Funding Requested	$ 1,500
Federal Funding	$ 0
Local Government Funding	$ 0
Private Funding	$ 0
For 1996 Session	
State Funding Estimate	$ *
For 1998 Session	
State Funding Estimate	$ *

*Pending outcome of negotiations with owners.

PROPOSED METHOD(S) OF STATE FINANCING (check one):

____ Cash: Fund ____

X Bonds: Tax Exempt X Taxable ____

STATE DEBT SERVICE PAYMENTS (Check all that apply):

X General Fund % of total X

____ User Financing % of total ____

Source of funds ____

PROJECT TIMETABLE:

	Start Date (Mo./Yr.)	End Date (Mo./Yr.)	Duration (Months)
Planning/Programming			
Site Selection and Purchase			
Predesign	7/95	2/96	10
Design			
Construction			
Substantial Completion			
Final Completion			

Midpoint of construction is (Mo./Yr.) N/A

AGENCY CAPITAL BUDGET REQUEST

Form D-4

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

DEPARTMENT OF ADMINISTRATION ANALYSIS:

This request is following the guidance of the Capital complex strategic plan by investing opportunities to house government functions in facilities which it owns rather than leases. This property represents an existing resource and with additional alterations potentially could be a satisfactory solution to housing government functions without building new facilities or leasing.

DEPARTMENT OF FINANCE ANALYSIS:

Acquisition of this site represents a unique, one-time opportunity for acquiring facilities in the Capitol complex area.

GOVERNOR'S RECOMMENDATION:

The Governor recommends capital funding of $1,500,000 to the Department of Administration for this project.

Statewide Strategic Score	
Criteria	**Points**
Critical Life Safety Emergency	0
Critical Legal Liability	0
Prior Commitment	0
Strategic Linkage	120
Safety Concerns	0
Customer Services/Statewide Significance	70
Agency Priority	100
User and Non-State Financing	0
Asset Management	0
Operating Savings or Efficiencies	0
Contained in State Six-Year Planning Estimates	0
Total	290

	Predesign	Schematic Design	Design Devel.	Const. Doc.	Const.
Prior Funding:	□	□	□	□	□
Agency Request:	■	□	□	□	□
Governor's Recommendation:	■	□	□	□	□

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary
1995 Session Request

Form A

1. AGENCY: Agriculture, Department of (MDA)

2. AGENCY MISSION STATEMENT:

The mission of the Minnesota Department of Agriculture (MDA) is to work toward a diverse agricultural industry that is economically profitable and environmentally sustainable; to protect public health and safety regarding food and agricultural products; and to provide consumer protection regarding product quality and content; and to assure orderly commerce in agricultural and food products.

3. TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES OR CAPITAL PROGRAMS:

- **Economic Trends.** Agriculture in Minnesota is a large and changing industry. As production costs have increased and profit margins decreased, potato growers are requiring greater performance from the certified seed they plant. The growers of potatoes no longer tolerate diseases in particular to the extent they were in the past. Consequently, the demands being placed on the seed grower and the liability now associated with seed potato certification have reached unprecedented levels.

- **Scientific and Technological Development.** The development and adoption of new technologies has and continues to be a dynamic force. As a result there has been infusion of new technology into the seed industry. Biotechnology, including genetic engineering, is rapidly displacing the traditional methods used to detect and control diseases. It is imperative that certification programs adopt this new developing technology to minimize losses and keep the industry competitive. We must provide a well-equipped laboratory to keep pace with the new technologies.

- **Environmental Regulation/Protection.** The increasing recognition of the environmental impacts of agricultural activities will cause more resources to be spent on environmental monitoring, compliance and remediation. Consolidating the staff in 1 facility enhances the exchange of environmental information and expertise. Placing the Certified Seed Potato Program and the Fresh Fruit and Vegetable inspectors in one area will benefit the entire potato industry by all gaining a better insight of the unique needs of each other.

- **Agricultural Production and Development.** The expansion of value-added processing could be a major contributor to economic growth in Minnesota. The large, successful potato processing plant in Park Rapids is a good example. The potato has always been and will likely continue to be one of our staple foods. We must provide this industry with the most effective, efficient and well-trained inspectors possible.

4. PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS OR ASSETS:

Currently, 2 Plant Protection Division programs function from separate locations, even though many of the same staff cover both activities. Seed potato certification is located at the University of Minnesota at Crookston, where we utilize 880 sq. ft. for office and laboratory space. Potato Grade Inspection is handled from East Grand Forks, out of a building owned by the Plant Protection Division.

The East Grand Forks building was constructed in 1955 and was a warehouse-type structure that has been modified over the years to meet the changing needs of the program. Consequently, the building was very inefficient and reached the point where it needed extensive repair. Therefore, in the interest of efficiency and better service to the industry, we are in the process of replacing the building with one that will meet all our needs and house both programs. The industry strongly supports the new facility and is willing to pay for the costs.

5. DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:

The department seldom seeks capital requests other than isolated situations such as the East Grand Forks facility. Our long-range strategic goals are to provide appropriate facilities to meet the needs of our customers.

6. **AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:**

A building request for the 1989-91 capital budget 6-year plan was prepared for this facility. The total project cost was estimated to be $587,500. This project was finally authorized in the F.Y. 1993 capital budget presented to the legislature during the 1992 session.

During the final preparation and presentation of the F.Y. 1993 capital budget, the total cost of the project, to be financed by general obligation bonds, was reduced from $587,000 to $365,000. This was based upon misinformation concerning the final building cost and the availability of funds within the seed potato inspection fund to pay the remaining costs. The project was funded under the F.Y. 1993 capital budget at $365,000, pursuant to Laws of Minnesota for 1992, Chap. 558, Sec. 20(a).

The project is underway and basic completion of the building is scheduled for February 1995. Total cost of the building, through February 1995 is estimated at $490,000, with an additional $100,000 required to complete the project as detailed in the building request for the 1989-91 capital budget 6-year plan. $365,000 is currently available from the bond proceeds from the F.Y. 1993 capital budget appropriation. The remaining funding for this building was to come from the Seed Potato Inspection Fund balance.

During the 1993 session, funds were direct appropriated to the Seed Potato Inspection Fund. The fund appears to have a sufficient balance to handle the $225,000 in funds required to supplement the bond money, if necessary, but the fund is limited by appropriation law to expenditures not greater than $400,000 in both F.Y. 1994 and F.Y. 1995. The department has agreed to finance completion of the building from the General Fund until additional bond funding is authorized by the 1995 legislature.

7. **AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1990-1995):**

The department is requesting $225,000 in additional capital budget funds for the balance of the funding required so we do not impair the operations of the program and can complete and occupy the building on time.

8. **OTHER (OPTIONAL):**

None.

9. **AGENCY CONTACT PERSON, TITLE, AND PHONE**

Arthur H. Mason, Director Plant Protection Division, 612-296-8448.

AGENCY CAPITAL BUDGET REQUEST
Building Project Detail
1995 Session Request
Dollars in Thousands ($137,500 = $138)

Form D-1

AGENCY: Agriculture, Department of (MDA)
PROJECT TITLE: East Grand Forks Potato Inspection Facility
TOTAL PROJECT COSTS (ALL YEARS): $590
APPROPRIATION REQUEST FOR 1995 SESSION: $225
APPROPRIATION ESTIMATE FOR 1996 SESSION: $-0-
APPROPRIATION ESTIMATE FOR 1998 SESSION: $-0-
LOCATION (CAMPUS, CITY, COUNTY): East Grand Forks, Polk

AGENCY PRIORITY (for projects in the 1996 Session only):

N/A of N/A requests

1. PROJECT DESCRIPTION:

This request on behalf of the Plant Protection Division of the Department of Agriculture (MDA) is to complete the new facility in East Grand Forks replacing and consolidating their 2 facilities located in Crookston and East Grand Forks.

The program has already demolished the existing warehouse facility in East Grand Forks on an existing parcel of property and is constructing an office/laboratory/warehouse facility on the same land. We will discontinue leasing space we are presently using in Crookston at the University of Minnesota.

The new facility will provide 5,500 sq. ft. with approximately 1/2 utilized as office and laboratory space with the remainder utilized as a drive through warehouse. The exterior site would be regraded for proper drainage, provide parking for 15 cars and include site improvements such as landscaping and lighting.

The office/laboratory/meeting/reception/records room/inspectors room would have full HVAC with the potential for future expansion in the laboratory and record storage room.

2. PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

The completed facility would collocate the potato inspection programs into 1 building in East Grand Forks, where both can function more effectively, provide increased service and maintain close proximity to related components of the industry. Since the present staff now utilize both facilities, there would be no staffing problem caused by the consolidation. This will reduce costs and improve efficiency.

3. IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):

Inspection fees will be increased proportionately to cover the cost of the project. Grade inspection fees for washed and processing potatoes will be increased as necessary. Combined, these fee increases will generate additional annual revenue which will be earmarked for this project. Fees for these activities are set by the commissioner and credited to a Fruit and Vegetable Inspection fund and Seed Potato Inspection fund, both of which are dedicated accounts. 100% of the debt service on the bonds requested for this project will be reimbursed by inspection fees.

4. OTHER CONSIDERATIONS (OPTIONAL):

None.

5. PROJECT CONTACT PERSON, TITLE, AND PHONE:

Arthur H. Mason, Director Plant Protection Division, 612-296-8448.

AGENCY CAPITAL BUDGET REQUEST

Form D-2

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

PROJECT TYPE (check all that apply):

_X_ Construction of a new facility for new, expanded or enhanced programs or for replacement purposes.
____ Adaption of an existing facility for new, expanded or enhanced uses.
____ Adaption of an existing facility for code-required changes, handicapped access or legal liability purposes.
____ Renewal of existing facilities or assets (no program expansion).

PROJECT CHARACTERISTICS (check all that apply):

_X_ Safety/liability
____ Hazardous materials
____ Asset preservation
_X_ Code compliance
_X_ Handicapped access (ADA)
_X_ Enhancement of existing programs/services
____ Expansion of existing programs/services
____ New programs/services
_X_ Co-location of facilities
_X_ Operating cost reductions and efficiencies
____ Other (specify):

PREVIOUSLY REQUESTED: ___ No _X_ Yes When? 1990, 1991

PRIOR FUNDING: ___ No _X_ Yes
Laws 1992, Ch 558, Sec 20 $ 365
Laws _____, Ch _____, Sec _____ $ _____

INFORMATION TECHNOLOGY AND TELECOMMUTING:

Information technology plan:
submitted to IPO _X_ yes ___ no
approved by IPO _X_ yes ___ no

Telecommuting plan or statement of non-practicability:
submitted to IPO _X_ yes ___ no
approved by IPO _X_ yes ___ no

AGENCY BUILDING NAME AND #:

STATE-WIDE BUILDING ID #:

FACILITY SQUARE FOOTAGE:

Existing Building
3,700 Gross Sq. Ft.

Project Scope
3,700 Gross Sq. Ft. Demolished
_____ Gross Sq. Ft. Renewal or Adaption
5,500 Gross Sq. Ft. New Construction

Final Building Size
5,500 Gross Sq. Ft.

Are there design standards or guidelines that apply to your agency and this project?
_X_ Yes ___ No.

If so, please cite appropriate sources: All codes and standards required in state owned buildings

CHANGES IN OPERATING COSTS (Facilities Note):

	F.Y. 94-95	F.Y. 96-97	F.Y. 98-99
Change in Compensation	$ -0-	$ -0-	$ -0-
Change in Bldg. Oper. Expenses	$ -0-	$ (1)	$ (1)
Change in Lease Expenses	$ -0-	$ (7)	$ (8)
Change in Other Expenses	$ -0-	$ (1)	$ (2)
Total Change in Operating Costs	$ -0-	$ (9)	$ (11)

Other:

	F.Y. 94-95	F.Y. 96-97	F.Y. 98-99
Change in F.T.E. Personnel	-0-	-0-	-0-

AGENCY CAPITAL BUDGET REQUEST

Form D-3

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

PROJECT COSTS:

Acquisition (land and buildings)	$ 0
Consultant Services (pre-design)	$ 0
Consultant Services (design)	$ 42
Construction	$ 432
Furnishings, Fixtures and Equipment (F.F. & E.)	$ 55
Data/Telecommunications	$ 20
Art Work (1% of construction)	$ 0
Project Management	$ 0
Project Contingency	$ 20
Related Projects	$ 9
Inflation adjustment (x%)	$ 12
Other Costs (please specify):	$ 0
TOTAL PROJECT COSTS (all years)	$ 590

FUNDING SOURCE:

Total Project Costs (all years)	$ 590
State Funding Requested (all years)	$ 590
Federal Funding (all years)	$
Local Government Funding (all years)	$
Private Funding (all years)	$
For 1995 Session	
State Funding Requested	$ 225
Federal Funding	$
Local Government Funding	$
Private Funding	$
For 1996 Session	
State Funding Estimate	$ 0
For 1998 Session	
State Funding Estimate	$ 0

PROPOSED METHOD(S) OF STATE FINANCING (check one):

____ Cash: Fund ____

X Bonds: Tax Exempt X Taxable ____

STATE DEBT SERVICE PAYMENTS (Check all that apply):

____ General Fund % of total ____

X User Financing % of total 100

Source of funds Fees

PROJECT TIMETABLE:

	Start Date (Mo./Yr.)	End Date (Mo./Yr.)	Duration (Months)
Planning/Programming	7/89	6/90	11
Site Selection and Purchase	6/90	10/92	27
Predesign	1/90	7/90	7
Design	10/92	6/93	9
Construction	7/94	2/95	6
Substantial Completion	12/94	1/95	1
Final Completion		3/95	

Midpoint of construction is (Mo./Yr.) 1/95

AGENCY CAPITAL BUDGET REQUEST

Form D-4

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

DEPARTMENT OF ADMINISTRATION ANALYSIS:

In 1989, the Division of State Building Construction developed the initial program and project budget with the Department of Agriculture. This department recommends approval of this request on the basis that completion as originally perceived required these funds.

DEPARTMENT OF FINANCE ANALYSIS:

The legislature previously authorized this project with the debt service on the bonds to be paid from the seed potato inspection account. The building costs were more than the amount of bonding authorized and the agency had planned to make up the difference from the dedicated account. However, in the 1993 session, the legislature deleted the statutory appropriation authority for the account and the agency did not consider this change when they approved the construction project. In order for this project to be paid from dedicated fees, an additional appropriation is needed. Finance is recommending additional bonding authority to complete the project with the debt service to be paid from the seed potato inspection account.

GOVERNOR'S RECOMMENDATION:

The Governor recommends capital funds of $225,000 to the Department of Agriculture for this project, to be financed entirely from the Seed Potato Inspection Fund.

Statewide Strategic Score	
Criteria	**Points**
Critical Life Safety Emergency	0
Critical Legal Liability	0
Prior Commitment	700
Strategic Linkage	0
Safety Concerns	0
Customer Services/Statewide Significance	0
Agency Priority	0
User and Non-State Financing	0
Asset Management	0
Operating Savings or Efficiencies	0
Contained in State Six-Year Planning Estimates	0
Total	700

	Predesign	Schematic Design	Design Devel.	Const. Doc.	Const.
Prior Funding:	■	■	■	■	■
Agency Request:	□	□	□	□	■
Governor's Recommendation:	□	□	□	□	■

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary
1995 Session Request

1. AGENCY: Corrections, Department of (DOC)

2. AGENCY MISSION STATEMENT:

The Department of Corrections' (DOC) mission is to ensure that sanctions and services of the criminal justice system are designed and delivered to create a safer Minnesota.

Goals

- To restore the victim, community and offender.
- To develop and support a range of correctional services and programs.
- To provide a safe, secure, humane environment for incarcerated offenders.
- To manage the organization effectively and efficiently.
- To educate and work cooperatively with other public and private organizations on common issues.

The department operates 10 correctional facilities including 7 for adults, 2 for juveniles and 1 that serves both adults and juveniles. Adult prison populations currently total more than 4,400 inmates; juvenile offenders committed to the commissioner number in the 210 to 231 range. More than 11,000 offenders on probation, supervised release and parole are supervised by department agents. Through the state Community Corrections Act the department also administers grant funds to units of local government for correctional services. Through grant funding, the department supports programs serving battered women, victims of sexual assault, abused children and general crime victims.

The department is organized into 3 programmatic divisions: institutions, community services and management services. Also at the division level are the offices of adult and juvenile release and the affirmative action office. Numerous volunteer citizen advisory groups play key roles in the department in areas such as victim services, community corrections, women offender issues and correctional industries.

3. TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES OR CAPITAL PROGRAMS:

The following factors are shaping the development of policies and programs at the Department of Corrections.

Adult Inmate Population Growth: The department has no discretion to limit the number of adult offenders committed to the commissioner of corrections by the courts under state sentencing guidelines. In 1989 penalties for serious violent offenders were increased substantially by the legislature and the Sentencing Guidelines Commission. Sentences under the guidelines increased for most violent offenses and for offenders with repeat violent criminal records.

Inmate population projections used in this capital budget document are based on projections prepared in December 1994 by the Minnesota Sentencing Guidelines Commission and the department.

The number of adult inmates has been increasing since the mid 1970s, with rapidly accelerating increases in recent years. In 1981, there were 1,886 inmates in the entire prison system. The current Minnesota inmate population is 4,400 (12-19-94). By the year 2000, the population will have increased from 1981 by 219% or over 4,127 inmates.

Year/End Projection	Inmate Population	Increase From 1981
1981	1,886	
1986	2,304	418
1991	3,386	1,500
1993	4,190	2,304
1995	4,981	3,095
2000	6,013	4,127

Increases in the volume of offenders committed to the department from the courts and increases in sentence lengths are the primary reasons for these population increases. Lengthening of prison sentences will account increasingly for future population growth. Life sentences were increased from 17 years to 30 years before parole consideration. Life sentences without the possibility of parole were added for certain murderers and life sentences for certain categories of repeat sex offenders became law. Penalties for drug offenses have also been increased.

Adult court commitments have nearly tripled in the last 14 years from a monthly average of 70 in 1980 to 197 as of November, 1994.

Calendar Year	Annual Monthly Average	Increase From 1980
1980	70	
1985	111	41
1990	161	91
1994	(thru Nov.) 197	127

Adult Male Population: According to inmate population projections prepared December 1994, the number of adult male inmates will continue to increase beyond the department's prison bed capacity. While the Challenge Incarceration Program may lessen the need for beds to some extent, insufficient data are available at this time to determine the bed impact.

Inmate population projections yield the following projected beds shortages.

Fiscal Year	Projected Bed Shortage
1995	188
1996	79
1997	379
1998	645
1999	780
2000	232
2001	286
2002	339

The department received capital funds in the 1994 legislative session to expand at 3 facilities, MCF-Faribault, MCF-Lino Lakes and at Moose Lake. Also, planning money was made available for an 800-bed close custody facility. While this expansion was intended to meet bed needs, new legislation passed in the 1994 legislative session further increased bed needs which are reflected in the new population projections. However, this capital budget requests focuses on program needs and the juvenile population change and not on bed shortages.

Adult Female Population: The adult female prison population as of 12-19-94 currently stands at 209 with 206 at MCF-Shakopee and 3 in the Willow River Challenge Incarceration Program. Population projections indicate a fairly stable female population ranging between 209 and 250.

With the recent bed expansion of MCF-Shakopee, populations are expected to stay within the facility's expanded capacity through F.Y. 1997. The 1994 legislature appropriated $80,000 for planning another 60-bed unit at Shakopee, but this money is on hold temporarily.

Juvenile Offender Population: The juvenile population has remained in the range of 160 to 170 over the last several biennia until this year. Over the last several months, the juvenile population has risen sharply producing crowding at both MCF-Red Wing and MCF-Sauk Centre. At Red Wing, a minimum security adult male cottage has been changed to a juvenile cottage to help reduce crowding.

The new 30-bed secure unit at MCF-Red Wing will be ready for occupancy in January 1996. The unit will house violent and predatory juvenile offenders in secure detention until they are able to control their behavior in the general population at the Red Wing facility. Once the new facility is open, the old Dayton cottage will be available to provide additional beds for juveniles.

The juvenile population (ages 10 through 17) in Minnesota is expected to show continued growth through the year 2000. This means that the number committed to the commissioner of corrections will also grow over the next 5 years which may indicate a need for even more juvenile beds in succeeding bienniums.

4. **PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS OR ASSETS:**

Growth in the adult inmate populations, both male and female, have meant adding facilities either through renovation or through new construction and have absorbed most of the capital funding available to the department in recent years. Projects in this request support program and health care needs as well as added beds for juveniles.

Following is a list of the correctional facilities under the jurisdiction of the DOC that have capital requests along with a brief description of their activities and facilities.

MCF-Willow River/Moose Lake is for adult male offenders at Moose Lake on a shared campus with the Moose Lake Regional Treatment Center. Programming for adult males includes vocational, academic, work and group treatment. With the downsizing of the Moose Lake Regional Treatment Center, Moose Lake is being renovated to provide a 620-bed medium security facility by F.Y. 1996. Funding was received in the 1993 and 1994 legislative sessions to complete the conversion of the Moose Lake campus into a correctional facility. However, a request by the Department of Human Services to demolish the nurses dormitory was not approved. Because the department cannot use this building, it needs to be demolished so that it does not create a safety and security hazard.

MCF-Sauk Centre receives and treats delinquent males from juvenile courts in 66 counties in western Minnesota and delinquent girls from juvenile courts from all of Minnesota. Several buildings date from 1911 to 1916 with some buildings added in 1963 and 1970. A request is in the capital budget to renovate the Alcott Cottage living unit for 24 juvenile boys. Current capacity is 105 juveniles.

MCF-St. Cloud is a receiving facility for younger adult male offenders. Programming includes academic, vocational, chemical dependency, individual, group and job counseling, and work programs. With younger adult males, the emphasis is on education, especially vocational education. Many buildings date to the late 1800s and early 1900s with other buildings added over the years. In order to provide additional vocational programming slots for these offenders, funds are needed for program expansion. In recent years, St. Cloud has experienced overcrowding and through the use of temporary beds currently houses over 870 inmates. Design capacity is 699.

MCF-Oak Park Heights is the state's maximum security facility and is designed to receive inmates transferred from the St. Cloud and Stillwater facilities. Inmates at MCF-Oak Park Heights are classified as maximum custody or risks to the public including those convicted of serious person offense, high escape risks and dangerous and disruptive management problems from other institutions. It offers various programs to inmates with an emphasis on industry programming. This 386-bed facility was constructed in 1981 with a warehouse added in 1987. Included in this capital budget request is a request for planning money for a 60-bed control unit to better manage the state prison system.

St. Paul Ramsey Medical Center and the department have a contractual agreement to provide for inpatient and certain outpatient medical services to prison inmates. There are 15 beds in a secure hospital unit and a secure holding unit for inmates waiting for scheduled services. Because of population increases since 1974, overcrowding in the holding unit has created safety and security problems.

5. <u>DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN</u>:

- To provide a safe, secure and humane environment for offenders committed to the DOC.
- To provide a safe, secure and humane environment for staff.
- To offer educational/vocational/behavior/work program for inmates to help prepare them to return to the community and to help reduce the risk of reoffender.
- To create an environment conducive to rehabilitation for those offenders inclined to want to make change in their lives.

The capital budget projects were prioritized to contribute to safe, secure and humane facilities for adults and juveniles. The vocational expansion at MCF-St. Cloud meets the department's objective to provide programming for inmates while incarcerated.

6. <u>AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS</u>:

The DOC is a decentralized agency and seeks input from the wardens and superintendents of all the correctional facilities. Each develops his or her own requests which are then forwarded to the central office where the commissioner and deputy commissioner of institutions consolidate, prioritize and select those projects needed to meet the mission, goals and objectives of the department. Data collection is provided by various staff in plant operations and the financial area of the correctional facilities and central office.

7. **AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1990-1995):**

Significant capital projects funded in the last 6 years through state bond proceeds include:

1990 MCF-Faribault - Phase II Conversion, Roads	$ 3,243
1990 MCF-Lino Lakes - Expansion/City Water/Sewer	7,773
1990 Systemwide Roof Repairs	500
1992 MCF-Shakopee - Expansion	10,815
1993 MCF-Willow River/Moose Lake - Conversion	9,600
1993 MCF-Red Wing - Planning Secure Cottage	212
1994 MCF-Faribault - Add 300 Beds	10,000
1994 MCF-Faribault - Rehabilitate Facility	832
1994 MCF-Lino Lakes - Add 485 Beds	10,444
1994 MCF-Lino Lakes - Education Building	182
1994 MCF-Moose Lake - Complete Conversion	19,000
1994 MCF-Red Wing - Construct 30-Bed Unit	2,700
1994 MCF-Red Wing - Replace Generator	315
1994 MCF-Shakopee - Predesign 60-Bed Unit	80
1994 MCF-Stillwater - Education Complex	4,500
1994 MCF-Stillwater - Industry Buildings	1,700
1994 Thistledew Camp - Education Building	1,200
1994 Close Custody Facility - Predesign New Facility	2,000
Total	$85,096

CAPRA projects funded in April, 1991.

MCF-Stillwater - Safety & Health	$ 98
MCF-St. Cloud - Replace Roofs	140
MCF-St. Cloud - Replace Windows	200
MCF-Red Wing - Replace Windows	60
Total	$ 498

CAPRA projects funded in June, 1992.

MCF-Stillwater - Replace 2 Roofs	$ 340
MCF-St. Cloud - Dormitory HVAC Phoenix	40
MCF-St. Cloud - Dormitory HVAC Annex	74
MCF-Lino Lakes - Fire Alarms	100
MCF-Stillwater - Fire Alarms/Sprinkler System	232
MCF-St. Cloud - Update Air Handling	140
Total	$ 926

CAPRA projects funded in December, 1992.

MCF-Lino Lakes - Replace Kitchen Roof	$ 100
MCF-Stillwater - Asbestos Removal	23
MCF-Stillwater - Replace Aerator	29
MCF-St. Cloud - Asbestos Removal	25
MCF-St. Cloud - Update Air Handling	91
MCF-Faribault - Replace Electric Feeder Line	78
MCF-Sauk Centre - Asbestos Removal	4
Total	$ 350

CAPRA projects funded in December, 1994.
To be allocated.

8. **OTHER (OPTIONAL):**

Although this is not a major capital budget session, these projects are essential for safe, healthy and humane prisons and cannot be delayed.

9. **AGENCY CONTACT PERSON, TITLE, AND PHONE**

Shirley Flekke, Finance Director, 612/642-0309
James Zellmer, Support Services Director, 612/642-0247

AGENCY CAPITAL BUDGET REQUEST
Building Project Detail
1995 Session Request
Dollars in Thousands ($137,500 = $138)

Form D-1

AGENCY: Corrections, Department of (DOC)
PROJECT TITLE: Juvenile Bed Expansion
TOTAL PROJECT COSTS (ALL YEARS): $421
APPROPRIATION REQUEST FOR 1995 SESSION: $421
APPROPRIATION ESTIMATE FOR 1996 SESSION: $-0-
APPROPRIATION ESTIMATE FOR 1998 SESSION: $-0-
LOCATION (CAMPUS, CITY, COUNTY): MCF-Sauk Centre, Sauk Centre, Stearns County

AGENCY PRIORITY (for projects in the 1996 Session only):

 # 1 of 2 requests

1. **PROJECT DESCRIPTION:**

This request is for pre-design, design, and construction funding to renovate Alcott cottage including the replacement of windows and doors, adding Federal Americans with Disabilities Act (ADA) accessibility and restroom on the first floor, and upgrading bathrooms and showers on the second floor. This unit will house 24 juvenile males. The building is not currently in use.

2. **PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:**

Alcott Cottage was constructed in 1911 and has been upgraded during the last 25 years with a new floor, roof, boiler, fire alarm system and emergency exit, and is structurally sound. However, the windows and doors have deteriorated, bathrooms are outdated, and the building is not ADA accessible. Windows are original to the building and need to be replaced with new energy efficient, security windows. Central climate control will provide livable conditions during hot summer months and as well as the required air exchange.

3. **IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):**

The department will need $604,000 the first year and $598,000 the second year of the biennium to operate this additional living unit.

4. **OTHER CONSIDERATIONS (OPTIONAL):**

Minnesota's juvenile correctional institutions have experienced a dramatic increase in the number of commitments to their programs. AT MCF-Sauk Centre, the added pressures of a high juvenile male population has created a situation that is problematic and potentially dangerous.

The current rate of commitments has MCF-Sauk Centre attempting to house and program for populations as high as 30 to 35 juveniles in each of the 2 male open program living units, which are designed and staffed for a capacity of 24 per unit.

The department has no control over the number of juveniles committed to the commissioner. Crowding at correctional facilities increases the risk of injury to both staff and residents. The additional beds are needed to avoid overcrowding and to create a safe and humane environment for juvenile residents and staff.

The juvenile population (ages 10 through 17) in Minnesota is expected to show continued growth through the year 2000. This means that the number committed to the commissioner of corrections will also grow over the next 5 years which may indicate a need for even more juvenile beds in succeeding bienniums.

5. **PROJECT CONTACT PERSON, TITLE, AND PHONE:**

James Zellmer, Support Services Director, 612/642-0247

AGENCY CAPITAL BUDGET REQUEST

Form D-2

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

PROJECT TYPE (check all that apply):

____	Construction of a new facility for new, expanded or enhanced programs or for replacement purposes.
X	Adaption of an existing facility for new, expanded or enhanced uses.
____	Adaption of an existing facility for code-required changes, handicapped access or legal liability purposes.
____	Renewal of existing facilities or assets (no program expansion).

PROJECT CHARACTERISTICS (check all that apply):

X	Safety/liability
____	Hazardous materials
X	Asset preservation
X	Code compliance
X	Handicapped access (ADA)
____	Enhancement of existing programs/services
X	Expansion of existing programs/services
____	New programs/services
____	Co-location of facilities
____	Operating cost reductions and efficiencies
X	Other (specify): Security

PREVIOUSLY REQUESTED: ___ No _X_ Yes When? ____________ 1994

PRIOR FUNDING: _X_ No ___ Yes

Laws __________, Ch __________, Sec __________ $ __________

Laws __________, Ch __________, Sec __________ $ __________

INFORMATION TECHNOLOGY AND TELECOMMUTING:

Information technology plan:

submitted to IPO	___ yes	_X_ no
approved by IPO	___ yes	_X_ no

Telecommuting plan or statement of non-practicability:

submitted to IPO	___ yes	_X_ no
approved by IPO	___ yes	_X_ no

AGENCY BUILDING NAME AND #: Alcott Cottage

STATE-WIDE BUILDING ID #: 7877001073

FACILITY SQUARE FOOTAGE:

Existing Building

11,950 Gross Sq. Ft.

Project Scope

__________ Gross Sq. Ft. Demolished

11,950 Gross Sq. Ft. Renewal or Adaption

__________ Gross Sq. Ft. New Construction

Final Building Size

11,950 Gross Sq. Ft.

Are there design standards or guidelines that apply to your agency and this project?

_X_ Yes ___ No.

If so, please cite appropriate sources:

American Correctional Association Standards

CHANGES IN OPERATING COSTS (Facilities Note):

	F.Y. 94-95	F.Y. 96-97	F.Y. 98-99
Change in Compensation	$ -0-	$ -0-	$ -0-
Change in Bldg. Oper. Expenses	$ -0-	$ -0-	$ -0-
Change in Lease Expenses	$ -0-	$ -0-	$ -0-
Change in Other Expenses	$ -0-	$ -0-	$ -0-
Total Change in Operating Costs	$ -0-	$ 1,202	$ 1,196

Other:

Change in F.T.E. Personnel	-0-	11.0	11.0

AGENCY CAPITAL BUDGET REQUEST

Form D-3

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

PROJECT COSTS:

Acquisition (land and buildings)	$ 0
Consultant Services (pre-design)	$ 20
Consultant Services (design)	$ 21
Construction	$ 309
Furnishings, Fixtures and Equipment (F.F. & E.)	$ 0
Data/Telecommunications	$ 0
Art Work (1% of construction)	$ 3
Project Management	$ 20
Project Contingency	$ 41
Related Projects	$ 0
Inflation adjustment (0.016%)	$ 7
Other Costs (please specify):	$ 0
TOTAL PROJECT COSTS (all years)	$ 421

FUNDING SOURCE:

Total Project Costs (all years)	$ 421
State Funding Requested (all years)	$ 421
Federal Funding (all years)	$ 0
Local Government Funding (all years)	$ 0
Private Funding (all years)	$ 0
For 1995 Session	
State Funding Requested	$ 421
Federal Funding	$ 0
Local Government Funding	$ 0
Private Funding	$ 0
For 1996 Session	
State Funding Estimate	$ 0
For 1998 Session	
State Funding Estimate	$ 0

PROPOSED METHOD(S) OF STATE FINANCING (check one):

____ Cash: Fund ____________

X Bonds: Tax Exempt X Taxable ____

STATE DEBT SERVICE PAYMENTS (Check all that apply):

X General Fund % of total 100

____ User Financing % of total ____

Source of funds ____________

PROJECT TIMETABLE:

	Start Date (Mo./Yr.)	End Date (Mo./Yr.)	Duration (Months)
Planning/Programming	6/95	2/96	8
Site Selection and Purchase			
Predesign	6/95	8/95	2
Design	6/95	8/95	2
Construction	8/95	2/96	6
Substantial Completion		12/95	
Final Completion		2/96	

Midpoint of construction is (Mo./Yr.) 11/95

AGENCY CAPITAL BUDGET REQUEST
Building Project Detail (Cont.'d)
1995 Session Request
Dollars in Thousands ($137,500 = $138)

DEPARTMENT OF ADMINISTRATION ANALYSIS:

This project addresses the increased need for juvenile capacity in the corrections system by utilizing an existing physical resource. Alcott Cottage previously received stabilization improvements which allow for the project's costs to be reduced. The concept of the project satisfies a variety of concerns from reuse of an existing asset as an alternative to new construction to reducing a portion of the deferred facility maintenance.

DEPARTMENT OF FINANCE ANALYSIS:

This request will provide space for 24 juvenile males in a building which is not currently in use and ease crowding at a facility that has received a substantial increase in juvenile male commitments.

GOVERNOR'S RECOMMENDATION:

The Governor recommends capital funds of $421,000 to the Department of Administration for this project.

Statewide Strategic Score	
Criteria	**Points**
Critical Life Safety Emergency	0
Critical Legal Liability	0
Prior Commitment	0
Strategic Linkage	120
Safety Concerns	105
Customer Services/Statewide Significance	70
Agency Priority	100
User and Non-State Financing	0
Asset Management	40
Operating Savings or Efficiencies	0
Contained in State Six-Year Planning Estimates	0
Total	435

	Predesign	Schematic Design	Design Devel.	Const. Doc.	Const.
Prior Funding:	☐	☐	☐	☐	☐
Agency Request:	■	■	■	■	■
Governor's Recommendation:	■	■	■	■	■

AGENCY CAPITAL BUDGET REQUEST
Building Project Detail
1995 Session Request
Dollars in Thousands ($137,500 = $138)

Form D-1

AGENCY: Corrections, Department of
PROJECT TITLE: Demolish Building #30, Nurses Dormitory
TOTAL PROJECT COSTS (ALL YEARS): $228
APPROPRIATION REQUEST FOR 1995 SESSION: $228
APPROPRIATION ESTIMATE FOR 1996 SESSION: $-0-
APPROPRIATION ESTIMATE FOR 1998 SESSION: $-0-
LOCATION (CAMPUS, CITY, COUNTY): MCF-Willow River/Moose Lake, Moose Lake, Carlton County

AGENCY PRIORITY (for projects in the 1996 Session only):

 # 2 of 2 requests

1. **PROJECT DESCRIPTION:**

In order to take advantage of federal financial participation, the Department of Corrections (DOC) is requesting an appropriation to demolish Building #30 at the Moose Lake Regional Treatment Center (MLRTC). These funds will be used for professional services, asbestos materials removal, demolition, and disposal of materials and rubble in accordance with local and state regulations. The project also provides for the capping and sealing of the utility tunnel loading into the basement of the building.

2. **PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:**

The 1993 legislature enacted legislation which provides for the closure of MLRTC and the transfer of existing buildings to the DOC for the development of a 620-bed medium security correctional facility. The purpose of this request is to take advantage of federal financial participation in the demolition of Building #30 at MLRTC.

Under Medicare regulations the cost to dispose of fixed assets, including the demolition of buildings, can be claimed for federal reimbursement if the associated program is still under federal program participation. Therefore, certain costs to demolish Building #30 can be claimed for federal reimbursement if the building is disposed of while MLRTC is still under federal program participation. If the building is demolished by DOC after the MLRTC is closed, the state will not be eligible for federal financial participation in the project. The estimated amount of federal financial participation for this project is $46,000

Building #30 was designed and constructed as an employees residence in 1938. It is the only major structure of wood frame construction on campus. Because of the wood framing, renovation would be cost prohibitive, and it is necessary to demolish this building as part of the master plan for the campus.

In the 1994 legislative session, the DOC requested funds in the amount of $20,520,000to complete conversion of the Moose Lake campus to a 620-bed correctional facility. The amount appropriated was $19,000,000or over $1.5 million less than requested and needed. The conversion of Moose Lake into a correctional facility is on an extremely tight budget leaving no funds available to demolish the nurses dormitory.

3. **IMPACT ON AGENCY OPERATING BUDGET (FACILITIES NOTE):**

There will be no impact on the operating budget.

4. **OTHER CONSIDERATIONS (OPTIONAL):**

Because the state will only be eligible for federal reimbursement while the building is still under federal program participation, these funds need to be appropriated for the Department of Human Services.

5. **PROJECT CONTACT PERSON, TITLE, AND PHONE:**

James Zellmer, Support Services Director, 612/642-0247

AGENCY CAPITAL BUDGET REQUEST

Form D-2

Building Project Detail (Cont.'d)
1995 Session Request
Dollars in Thousands ($137,500 = $138)

PROJECT TYPE (check all that apply):

____ Construction of a new facility for new, expanded or enhanced programs or for replacement purposes.
_X_ Adaption of an existing facility for new, expanded or enhanced uses.
____ Adaption of an existing facility for code-required changes, handicapped access or legal liability purposes.
____ Renewal of existing facilities or assets (no program expansion).

PROJECT CHARACTERISTICS (check all that apply):

_X_ Safety/liability
_X_ Hazardous materials
____ Asset preservation
____ Code compliance
____ Handicapped access (ADA)
____ Enhancement of existing programs/services
____ Expansion of existing programs/services
____ New programs/services
____ Co-location of facilities
_X_ Operating cost reductions and efficiencies
_X_ Other (specify): Security

PREVIOUSLY REQUESTED: ___ No _X_ Yes When? 1994 by Dept. of Human Svcs.

PRIOR FUNDING: _X_ No ___ Yes
Laws ________, **Ch** ________, **Sec** ________ **$** ________
Laws ________, **Ch** ________, **Sec** ________ **$** ________

INFORMATION TECHNOLOGY AND TELECOMMUTING:

Information technology plan:
submitted to IPO ___ yes _X_ no
approved by IPO ___ yes _X_ no

Telecommuting plan or statement of non-practicability:
submitted to IPO ___ yes _X_ no
approved by IPO ___ yes _X_ no

AGENCY BUILDING NAME AND #: Nurses Dormitory; Building #30

STATE-WIDE BUILDING ID #: 5510300030

FACILITY SQUARE FOOTAGE:

Existing Building
28,542 Gross Sq. Ft.

Project Scope
28,542 Gross Sq. Ft. Demolished
________ Gross Sq. Ft. Renewal or Adaption
________ Gross Sq. Ft. New Construction

Final Building Size
-0- Gross Sq. Ft.

Are there design standards or guidelines that apply to your agency and this project?
_X_ Yes ____ No.

If so, please cite appropriate sources:

American Correctional Association Standards

CHANGES IN OPERATING COSTS (Facilities Note):

	F.Y. 94-95	F.Y. 96-97	F.Y. 98-99
Change in Compensation	$ -0-	$ -0-	$ -0-
Change in Bldg. Oper. Expenses	$ -0-	$ -0-	$ -0-
Change in Lease Expenses	$ -0-	$ -0-	$ -0-
Change in Other Expenses	$ -0-	$ -0-	$ -0-
Total Change in Operating Costs	$ -0-	$ -0-	$ -0-

Other:

Change in F.T.E. Personnel	-0-	-0-	-0-

AGENCY CAPITAL BUDGET REQUEST

Form D-3

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

PROJECT COSTS:

Acquisition (land and buildings)	$ 0
Consultant Services (pre-design)	$ 10
Consultant Services (design)	$ 90
Construction	$ 0
Furnishings, Fixtures and Equipment (F.F. & E.)	$ 0
Data/Telecommunications	$ 0
Art Work (1% of construction)	$ 0
Project Management	$ 0
Project Contingency	$ 20
Related Projects (Asbestos Abatement)	$ 100
Inflation adjustment (0.012%)	$ 3
Other Costs (please specify): (Printing, Advertising)	$ 5
TOTAL PROJECT COSTS (all years)	$ 228

FUNDING SOURCE:

Total Project Costs (all years)	$ 228
State Funding Requested (all years)	$ 182
Federal Funding (all years) (Reimbursement)	$ 46
Local Government Funding (all years)	$ 0
Private Funding (all years)	$ 0
For 1995 Session	
State Funding Requested	$ 182
Federal Funding (Reimbursement)	$ 46
Local Government Funding	$ 0
Private Funding	$ 0
For 1996 Session	
State Funding Estimate	$ 0
For 1998 Session	
State Funding Estimate	$ 0

PROPOSED METHOD(S) OF STATE FINANCING (check one):

____ Cash: Fund ____

X Bonds: Tax Exempt X Taxable ____

STATE DEBT SERVICE PAYMENTS (Check all that apply):

X General Fund % of total 80

X User Financing % of total 20

Source of funds Federal Reimbursement

PROJECT TIMETABLE:

	Start Date (Mo./Yr.)	End Date (Mo./Yr.)	Duration (Months)
Planning/Programming	6/95	7/95	1
Site Selection and Purchase			
Predesign			
Design	7/95	9/95	2
Construction	9/95	10/95	2
Substantial Completion	11/95	11/95	1
Final Completion	12/95	12/95	1

Midpoint of construction is (Mo./Yr.) 10/95

AGENCY CAPITAL BUDGET REQUEST

Form D-4

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

DEPARTMENT OF ADMINISTRATION ANALYSIS:

Demolishing Building 30 will resolve 2 items at Moose Lake Correctional Facility. The building is wood frame construction and therefore not appropriate for correctional facility use and is situated in the path of a new security fence which is to be constructed with previously authorized funds.

DEPARTMENT OF FINANCE ANALYSIS:

This project is necessary to complete conversion of the Moose Lake Regional Treatment Center to a correctional facility. If the project is to proceed, bond financing of $228,000 would need to be provided, of which $46,000 would be reimbursed by federal funds. In order to secure federal funds, the appropriation must be made to the Department of Human Services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends capital funds of $228,000 to the Department of Human Services for this project, contingent upon reimbursement of $46,000 in federal funds.

Statewide Strategic Score	
Criteria	**Points**
Critical Life Safety Emergency	0
Critical Legal Liability	0
Prior Commitment	0
Strategic Linkage	40
Safety Concerns	70
Customer Services/Statewide Significance	0
Agency Priority	75
User and Non-State Financing	20
Asset Management	20
Operating Savings or Efficiencies	0
Contained in State Six-Year Planning Estimates	0
Total	225

	Predesign	Schematic Design	Design Devel.	Const. Doc.	Const. (Demo)
Prior Funding:	☐	☐	☐	☐	☐
Agency Request:	☐	☐	☐	☐	■
Governor's Recommendation:	☐	☐	☐	☐	■

AGENCY CAPITAL BUDGET BRIEF

Form A

Strategic Planning Summary

1995 Session Request

1. **AGENCY**: Trade and Economic Development, Department of (DTED)

2. **AGENCY MISSION STATEMENT**:

To employ all of the available state government resources to facilitate an economic environment that produces net new job growth in excess of the national average and to increase nonresident tourism revenues (M.S. 1165-.011).

Primary clients of the department are businesses and communities.

The department consists of the following divisions:

Business and Community Development Division: The Business and Community Development Division provides comprehensive planning, technical and financial assistance to communities and businesses. Technical assistance and analysis is provided directly to businesses and communities to promote economic development, growth and healthy, self-sustaining communities through marketing, publications and information services, training assistance and partnership activities. Financial assistance is provided by the division using the following programs: the Public Facilities Authority; the Rural Development Board and Urban Development Board (Challenge Grants Program); the Agriculture and Economic Development Board; and the Federal Small Cities Block Grant program.

Office of Tourism: The Office of Tourism markets Minnesota's products and services that relate to travel, provides joint venture marketing partnerships with local and regional organizations and delivers tourism information through a statewide network of travel information centers and telecommunication systems. Clients are travel related organizations, tourism businesses and tourists.

Minnesota Trade Office: The Minnesota Trade Office assists small and medium sized businesses and those new to exporting through general export and market specific education programs, a network of public/private counseling, export financing, trade shows, foreign trade delegations, targeted market research and selected reverse investment strategies to identify and expand export markets for Minnesota products.

The department also has an administrative services unit that provides financial and management support to department operating divisions through policy development, management assistance, fiscal services, personnel and the department's communications office. This unit includes the commissioner's office.

The department began soliciting ideas from the public and private sector for appropriate economic goals for the state. This process has become known as the "Economic Blueprint" and establishes the following 7 goals for Minnesota's economy through the year 2000:

- Above average sustained economic growth consistent with environmental protection.
- Internationally competitive levels of productivity growth.
- Personal incomes adequate to provide a quality standard of living.
- Capital investment in the state sufficient to ensure economic renewal and competitiveness.
- A business environment that stimulates new business creation and innovation.
- Improved employment and economic opportunities for all citizens in all Regions.
- A diversified industry mix to insulate the state economy from surprises, shocks and national business cycles.

With shrinking state funds available for increasing demands on government services, and low public tolerance for raising taxes, the only option is to look to expanding the state's economic base. Minnesota currently ranks 44th in the nation for new business startups, and the department will focus on helping the state's home-based industries to expand and grow. Minnesota's economic development programs are based on the philosophy of empowering local units of government to develop their own economic base. This concept must evolve to a regional level, realizing that every community is interdependent on the economic vitality of other communities in its region.

The Public Facilities Authority (PFA) is critical to improving the state's economic infrastructure through financing projects for water resource management, in conjunction with the Minnesota Pollution Control Agency. The PFA is a multi-agency board that manages the state's Water Pollution

Control Revolving Fund (S.R.F) and pooled revenue bond program, to provide financing to communities for needed wastewater infrastructure financing. The sound financial capability of the PFA's Water Pollution Control Revolving Fund loan program allows communities to plan for and finance wastewater treatment capacity to allow for commercial and residential growth (M.S. 446A).

Due to the success of the Water Pollution Control Revolving fund, the federal and state governments have looked to the Public Facilities Authority as a model to leverage financial resources to pay for other infrastructure needs. The 1994 legislature passed a Safe Drinking Water Revolving fund, to help communities meet the financial requirements of the Federal Safe Drinking Water act (Minn. Laws 1994, Chap. 632). Congress is expected to reauthorize the Federal Safe Drinking Water Act in 1995. Draft bills from the 1994 congressional session require rapid implementation of Drinking Water SRFs or states would lose their allocations of funding. At present, no assurance exists that the Act will pass or will have the same rapid implementation incentives. The state of Minnesota will be able to leverage federal dollars for the program with state monies at a ratio of 1:5 (one dollar state:five dollars federal) for the purpose of funding safe drinking water improvements.

The drinking water projects will be coordinated with the Minnesota Department of Health, playing a similar role to the MPCA in coordination of wastewater treatment projects. The Minnesota Department of Health currently sits on the Public Facilities Board.

The department will continue to coordinate project financing with other programs within the department, state and federal agencies. Internally, the department uses the single application process and assigns staff in regional teams to work with clients to package project financings. Externally, the department will continue to work with agencies represented on the PFA and others that have interest in specific types of projects or have capital that can be leveraged to assist in financing projects.

3. TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES OR CAPITAL PROGRAMS:

The current budget approved by Congress calls for $599 million to be appropriated in 1994 and $699 million in 1995. Numerous bills call for authorization level of $1 billion thereafter. Minnesota's share of that proposed program would be $21 million in F.F.Y. 1994 and $25 million for F.F.Y. 1995. This new program, if established would also need to be matched with a 20% state match estimated at $4.2 million in F.F.Y. 1994 and $5 million in F.F.Y. 1995.

The federal government has, and will continue to place tremendous requirements on water systems throughout the nation by imposing high water quality and testing standards for drinking water. Many systems will not be able to comply with these new standards without financial assistance. State and local governments have been seeking financial assistance for the last 4 years, and Minnesota is no exception. The number of small systems is becoming overwhelming and the costs of operation have become excessive. Currently Minnesota has 1,688 water systems of the following size and type:

Population	Municipal	Non-municipal
0 - 500	258	888
501 - 3,300	313	96
3,301 - 10,000	67	2
greater than 10,000	64	-0-
Total	702	986

In response to requests for data on water system needs, the Department of Health identified the following types of projects and costs that would be ready if funding were available:

Type	Number	Cost (in 000's)
Treatment plant upgrade	2	$4,869
Comprehensive treatment work	10	65,000
Distribution system	29	29,160
Water source needs	19	8,170
Water storage	10	11,000
Total	70	$118,199

4. **PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS OR ASSETS:**

The Department of Health estimates, depending on the level at which EPA drinking water standards are set, that approximately 25% of the 1688 public water systems in the state would need to upgrade their systems. This translates into 450 affected systems. Further analysis indicates approximately 150 systems will have to upgrade for elevated arsenic levels, 100 systems for sulfates and 200 systems for radon. The vast majority of affected systems will be very small projects that lack the financial resources to provide the necessary remediation. Remedial activities would vary from construction of new wells to construction of full-scale water treatment plants.

The total (EPA) estimated costs of upgrading those systems alone will be $250 to $405 million over the next 5 to 7 years.

The total cost of possible new drinking water systems that may be needed to replace out-of-code individual wells in the state is unknown at this time.

5. **DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:**

- Agency long-range strategic operating plans and capital budget goals (F.Y. 1994 - 1999)

The Water Pollution Control Revolving Fund (SRF) has proven to be effective and more efficient than traditional grant programs. The SRF can serve as a model for using state and federal funds to finance construction of needed infrastructure vital to the state's economy. As programs change at the federal level to assist communities to maintain and upgrade infrastructure, the department will be ready to implement them in an efficient, accessible, and coordinated fashion through pooled bond issues.

Additional staff will be needed to implement the drinking water revolving fund program when congress and the legislature approve final funding.

The total cost of administering the program will be transferred to the state when federal funds expire. The department will seek to minimize the need for more general fund appropriations through the use of fees to recover the SRF expenses of administering these programs.

6. **AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:**

- Internal agency management process

The Public Facilities Authority's Capital budget request is based on the projected grant amounts to be received from the federal government. The request for state matching requirements addresses the proposed funding levels approved in the federal 1994 and 1995 budget. The actual requests will be modified based on congressional actions on the safe Drinking Water Act this session.

7. **AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1990-1995):**

- Significant capital projects or programs completed or underway

The Authority made its first loan in July 1989 and has been successful in demonstrating that the state can minimize the amount of grant funds needed and still continue an aggressive level of wastewater construction activity with average expenditures of more than $60 million per year.

The following table shows the number of projects, loans and amounts made by leveraging the state match funds through 12-23-94.

FFY Grant year	State Match Contribution (000)	Total Amount of Loans Leveraged by State Match(000)[1]	Number of Loans/Projects
1990	4,130	73,842	10/14
1991	7,544	70,050	11/15
1992	8,055	61,808	12/16
1993	7,065	41,215	16/22
1994	4,384	59,538	14/31[2]

(1) Using all funds, revenue bond proceeds, state match, and direct loans from EPA Cap. Grant.
(2) Seven loans are only partially funded. The 1995 A bond proceeds will be used to complete the total project financings approved as of 12/23.

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary (Cont'd.)
1995 Session Request

9. AGENCY CONTACT PERSON, TITLE, AND PHONE

Terry Kuhlman Executive Director Minnesota Public Facilities Authority 296-4704	Jennifer Engh Deputy Commissioner Department of Trade and Economic Development 297-2515

AGENCY CAPITAL BUDGET REQUEST

Form F-1

Non-Building Project Detail

1995 Session Request

Dollars in Thousands ($137,500 = $138)

AGENCY: Trade and Economic Development, Department of (DTED) Public Facilities Authority
PROJECT TITLE: Drinking Water Revolving Fund/State Match
TOTAL PROJECT COSTS (ALL YEARS): $350,000
APPROPRIATION REQUEST FOR 1995 SESSION: $9,200
APPROPRIATION ESTIMATE FOR 1996 SESSION: $13,200
APPROPRIATION ESTIMATE FOR 1998 SESSION: $13,200
LOCATION (CAMPUS, CITY, COUNTY): Statewide 1994 request will address federal fiscal years 1994, 1995, and 1996

AGENCY PRIORITY (for Projects in the 1996 Session only): 503-nb01.kln
01-20-95 7:38am cm

1 of 1 requests

1. **PROJECT DESCRIPTION:**

The state will be expected to match the federal drinking water capitalization grant $1 for every $5 of federal funding. This new fund would be used to address drinking water improvements state wide with emphasis on addressing drinking water standards first. Minnesota is projected to receive close to $110 million between F.F.Y 1994 (beginning October 1993) and F.F.Y. 1997 requiring a state match of $22 million. The program may be extended beyond 1997.

- The Drinking Water Revolving Fund (DWRF) will be structured similarly to the Wastewater SRF by providing loans with interest rate subsidies based on financial need.
- The Authority will be responsible for the financial management of the fund, soliciting applications and addressing federal (non-technical) compliance issues (Davis Bacon, MBE/WBE, etc.)
- The Authority will prepare the intended used plan (IUP) of eligible projects in conjunction with the Department of Health.
- The Department of Health, like MPCA, will review and certify projects that appear to be technically feasible to the Authority for financing.
- The Department of Health will classify and prioritize projects based on need.

In response to requests for data on water system needs, the Department of Health identified the following types of projects and costs that are ready to proceed in the next 12 months if funding were available:

Type	Number	Cost(000)
Treatment plant upgrade	2	$ 4,869
Comprehensive treatment work	10	65,000
Distribution system	29	29,160
Water source needs	19	8,170
Water storage	10	11,000
Total	70	$118,199

The Public Facilities Authority's Capital budget request is based on the projected grant amounts to be received from the federal government. The request for state matching requirements addresses the proposed funding levels approved in the federal 1994 and 1995 budget. The actual requests will be modified based on congressional actions on the safe Drinking Water Act this session.

2. **PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:**

Drinking Water Revolving Fund:

The Department of Health estimates, depending on the level at which EPA Drinking Water Standards are set, that approximately 25% of the 1688 public water systems in the state would need to upgrade their systems. This translates into 450 affected systems. A further breakdown indicates approximately 150 systems will have to upgrade for elevated arsenic levels, 100 systems for sulfates, and 200 systems for radon. The vast majority of affected systems will be very small ones that lack the financial resources to provide the necessary remediation. Remedial activities would vary from construction of new wells to construction of full-scale water treatment plants.

Drinking water is essential for growth. The costs must be kept affordable in order for businesses to remain competitive. Drinking water was largely ignored by state and federal government until the drinking water standards became too complex and expensive to be addressed adequately by smaller communities without help. The need for a drinking water financing program is long over due. The Department of Health has identified more than $118 million worth of projects ready to proceed. The DTED's Single Application Process continues to receive requests for funding of water related projects in 1 out of 3 applications received.

3. **OTHER CONSIDERATIONS (OPTIONAL):**

Drafts of the Safe Drinking Water Act at the federal level have required states to implement state programs and provide the match or funds will be redistributed to other states.

The Authority, working with other community development infrastructure programs within the DTED can continue to work with communities to address their needs in a comprehensive and coordinated manner. The Authority intends that this program mirror the SRF and these funds will be used to leverage revenue bonds at a minimum of 2:1.

4. **PROJECT CONTACT PERSON, TITLE, AND PHONE:**

Terry Kuhlman
Director, Public
Facilities Authority
Department of Trade and
Economic Development
296-4704

Jennifer Engh
Deputy Commissioner
Department of Trade and
Economic Development
297-2515

AGENCY CAPITAL BUDGET REQUEST

Form F-3

Non-Building Project Detail (Cont'd.)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

TYPE OF REQUEST (Check all that apply):

____ Acquisition of State Assets
____ Development of State Assets
____ Maintenance of State Assets
____ Grants to Local Governments
_X_ Loans to Local Governments
____ Other Grants (specify):

PROJECT CHARACTERISTICS (Check all that apply):

_X_ Health and Safety
____ Enhancement of Existing Programs/Services
_X_ Expansion of Existing Program/Services
_X_ Provision of New Program/Services
____ Other (specify):

PREVIOUSLY REQUESTED: ____ No _X_ Yes When? Withdrawn 1994 Session

PRIOR FUNDING: _X_ No ___ Yes
Laws ________, Ch ________, Sec ________ $ ________
Laws ________, Ch ________, Sec ________ $ ________

* Federal Funding is projected to be used as a Debt Service Reserve Fund to generate interest earnings to subsidize the loans made to local units of government which with principal and a projected 4% interest rate over 20 years would repay approximately $500,000,000.

FUNDING SOURCES:

Total Project Costs (all years)	$ 350,000
State Funding Requested(all years)	$ 35,000
Federal Funding (all years)	$ 175,000
Local Government Funding (all years)	$ *-0-
Private Funding (all years)	$ -0-
PFA Revenue Bonds	$ 315,000
For 1995 Session	
State Funding Requested	$ 9,200
Federal Funding	$ 46,000
Local Government Funding	$ 90,000
Private Funding	$ -0-
For 1996 Session	
State Funding Estimate	$ 13,200
For 1998 Session	
State Funding Estimate	$ 13,200

PROPOSED METHOD(S) OF STATE FINANCING (check one):

____ Cash: Fund ____________

_X_ Bonds: Tax Exempt _X_ Taxable ____

STATE DEBT SERVICE PAYMENTS (Check all that apply):

_X_ General Fund % of total 100

____ User Financing % of total ____

Source of funds ____________

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)
1995 Session Request
Dollars in Thousands ($137,500 = $138)

DEPARTMENT OF FINANCE ANALYSIS:

This project would leverage a favorable amount of federal funds ($1 state to $5 federal). The agency should monitor action in this session of Congress to determine the availability of federal funds and associated state matching requirements.

GOVERNOR'S RECOMMENDATION:

The Governor recommends capital funds of $9,200,000 to the Department of Trade and Economic Development (Public Facilities Authority) for this project.

Statewide Strategic Score	
Criteria	**Points**
Critical Life Safety Emergency	0
Critical Legal Liability	0
Prior Commitment	0
Strategic Linkage	120
Safety Concerns	105
Customer Services/Statewide Significance	105
Agency Priority	100
User and Non-State Financing	94
Asset Management	0
Operating Savings or Efficiencies	0
Contained in State Six-Year Planning Estimates	0
Total	524

AGENCY CAPITAL BUDGET BRIEF

Form A

Strategic Planning Summary
1995 Session Request

1. **AGENCY:** Transportation, Department of

2. **AGENCY MISSION STATEMENT:**

   The Minnesota Department of Transportation (Mn/DOT) was established and operates according to statutory authority "...to provide a balanced transportation system, including aeronautics, highways, motor carriers, ports, public transit, railroads, and pipelines..." Further, Mn/DOT is sanctioned to function as the "...principal agency of the state for the development, implementation, administration, consolidation, and coordination of state transportation policies, plans, and programs."

3. **TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES OR CAPITAL PROGRAMS:**

   On September 1, 1989 the Metropolitan Division was created by combining Mn/DOT's District 5, Golden Valley and District 9, Oakdale. The primary purpose of the merger was to strategically locate a headquarters location to consolidate employees which would help perform our transportation service using fewer people. This resulted in a major relocation for the Metro Division.

4. **PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS OR ASSETS:**

   In order to consolidate the Division's transportation services, Mn/DOT entered into a 5-year building lease on 6/1/94 for the Water's Edge Building located at 1500 W. Co. Rd. B-2, Roseville. Mn/DOT currently leases 107,960 net sq. ft. of the building with 22,130 net sq. ft. under lease to Pentair Corporation. That lease expires 11/30/98, however, they have indicated they will work cooperatively to vacate prior to that date, should the building be sold. In May of 1994 the Water's Edge Building was placed on the market. Due to the limited current real estate market and space available in the northern suburbs it was decided to investigate options to purchase versus leasing the Water's Edge Building. A building purchase team with representatives from Mn/DOT Metro Division, Mn/DOT Real Estate Management Division, Mn/DOT Finance and Administration, Mn/DOT Building Engineering Section and the Department of Admin. Real Estate Management Division was assembled and did a very thorough due diligence study, which found the building to be sound and well maintained. The building was built in 1980 and had $2 M in leasehold and modular furniture improvements in 1994. Since the Metropolitan Division has occupied the building for 1 1/2 years, it has found the building fits its needs very well.

5. **DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:**

   This request is in keeping with Mn/DOT's long range goal of owning its buildings versus leasing them as supported in studies by the Department of Administration.

6. **AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:**

   Mn/DOT's normal capital budget process follows the normal cycle for state agencies. In that process the department reviews an inventory of buildings and ratings of condition and deficiencies. Whatever needs are identified are included in the department's 6-year plan. Emergency needs may be identified outside of that process. This particular request is an emergency request because it is a market opportunity that Mn/DOT desires to take advantage of within a relatively short time frame.

7. **AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1990-1995):**

   In the last six years Mn/DOT has had only 3 capital budget projects for office facilities. The Brainerd headquarters building was approved in 1990, the Aeronautics building in St. Paul was approved for purchase with state airports funds in 1993 and trunk highways funds were approved for the Department of Administration to remodel the Central Office in St. Paul. All other trunk highway fund requests by Mn/DOT were for truck stations, rest areas, storage sheds and other facilities for department operating units.

8. **OTHER (OPTIONAL):**

The Department of Transportation requests the purchase of Water's Edge Building be funded from a direct appropriation from the trunk highway fund.

9. **AGENCY CONTACT PERSON, TITLE, AND PHONE**

Adeel Lari, Project Manager, 282-6148

AGENCY CAPITAL BUDGET REQUEST
Building Project Detail
1995 Session Request
Dollars in Thousands ($137,500 = $138)

Form D-1

AGENCY: Transportation, Department of
PROJECT TITLE: Headquarters Building for Metro Division
TOTAL PROJECT COSTS (ALL YEARS): $9,000
APPROPRIATION REQUEST FOR 1995 SESSION: $9,000
APPROPRIATION ESTIMATE FOR 1996 SESSION: $-0-
APPROPRIATION ESTIMATE FOR 1998 SESSION: $-0-
LOCATION (CAMPUS, CITY, COUNTY): Roseville, Ramsey

AGENCY PRIORITY (for projects in the 1996 Session only):

#__1__ of __1__ requests

1. PROJECT DESCRIPTION:

To purchase the Water's Edge building for use as a Mn/DOT Metro Division Headquarters, located at 1500 West County Road B-2 in Roseville. The building has 137,930 gross square feet and will house approximately 689 office employees through an open floor plan.

2. PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

Strategic Goals:

A strategic goal of the Department of Transportation is to offer a consistent level of transportation services to customers of the Twin Cities metro region. To accomplish this goal Mn/DOT merged Districts 5 and 9 into the Metro Division in 1989 and adopted the following goals:

- To improve the level of service to our customers through a consistent transportation management philosophy, planning, policies, procedure and practice.
- To unify the Division, facilitate teamwork and create a cohesive operational direction.
- To offer more value to our customers through more focused attention and better resource utilization.
- To create processes that incorporate a holistic management approach for transportation management in the metro area.
- To provide consistent, equitable products to our customers.
- To create a more efficient / effective organization.
- To realize the increased potential that a unified Metro Division can bring to managing the transportation system in the metro area.

To achieve these goals, the Metro Division first examined the properties available and then entered into a 5 year lease for 107,960 net square feet at Water's Edge with occupancy beginning June 1, 1993. The Metro Division consolidated approximately 542 employees into Water's Edge. The fourth floor of the building houses approximately 100 employees of the Pentair Corporation. Additional consolidation of 100 to 125 employees from the Golden Valley and Oakdale building sites will proceed as the Pentair space becomes available. The building will house 689 employees at 200 square feet per occupant which includes a 25% addition for common space.

After the purchase is finalized Metro Division will eliminate other leased sites and use the space vacated in Golden Valley and Oakdale for further Metro Division consolidation and additional space for Central Office functions.

Location:

Prior to leasing the Water's Edge building the Metro Division developed criteria for an appropriate location. This building is centrally located with good access for customers from the entire metro region. This location has also created good accessibility for employees formerly housed in Golden Valley and Oakdale.

Alternative Considerations:

In May of 1994 the Water's Edge Building was placed on the market for $9.1 million. A team comprised of representatives from the Mn/DOT Metro Division, Mn/DOT Finance and Administration, Mn/DOT Building Engineering Section and the Department of Administration Real Estate Management Division was assembled to investigate the possible purchase and compare the alternatives of continuing to lease or constructing new as follows:

Alternative	10 Yr Life Cycle Cost	20 Yr Life Cycle Cost
Buy	$11,411,928	$21,611,722
Construct	$14,104,301	$25,232,598
Lease	$16,108,347	$30,596,526

Note: The 10 and 20 year life cycle include operating costs - utilities and maintenance.

These life cycle costs are based on historical costs and the life cycle cost analysis utilized by the Department of Administration.

The certified appraised value of the total building project is $8.5 million, $2.6 million for land and $5.9 million for the building. The certified appraiser, however, considered the market approach to be the most reliable indication of value. In his analysis, market approach indicated the value of the property to be $8.975 million. Mn/DOT has tentatively agreed to the purchase price of $8.9 million subject to legislative approval.

The following outline articulates the reasons why we believe this purchase for $8.9 million is favorable to Mn/DOT.

- Purchase of the Water's Edge building will save Mn/DOT approximately $9.0 million over 20 years versus continuing to lease the building.
- Mn/DOT has over 500 employees at the site with furniture, state-of-the art computer and telephone system and metropolitan area central dispatch center for Mn/DOT and the State Patrol including 911. Moving these people and equipment will disrupt the operation and will cost approximately $600,000.
- Mn/DOT has made tenant improvements to the building for approximately $100,000. This investment will be lost if Mn/DOT was to move at the end of the lease.
- The appraisal was done on September 1, 1994. The purchase date will not be consummated before July 1, 1995 and is contingent on legislative approval. During that time the property will likely appreciate 3 - 4% in value.
- When the Mn/DOT Metro Division moved its office employees to Water's Edge in June of 1993, it was a traumatic experience. Most employees had to make significant changes in their life styles including such things as commuting methods and distance, child care, and work relations. To ask these employees to move again would present issues and difficulties.

3. **PRESUMPTION OF SUFFICIENCY:**

From the costs noted above, buying the Water's Edge Building saves Mn/DOT and the Trunk Highway Fund approximately $9,000,000 over a period of 20 years compared to the lease costs over that period of time. Therefore, buying is the most efficient way to obtain space. Buying the building also gives ultimate flexibility to utilizing the space by the Minnesota Department of Transportation.

4. **STRATEGIC LINKAGE ISSUES:**

Mn/DOT is sanctioned to function as the "principal agency of the state for the development, implementation, administration, consolidation and coordination of state transportation policies, plans and programs". The Metro Division fulfills these policies by delivering transportation services in the Twin Cities metro region.

Mn/DOT will continue to have a stable presence and workforce in the metro area and this location is desirable to meet that need for many years. A master plan for this site also shows an expansion capacity of an additional building of 60,000 to 70,000 square feet.

Mn/DOT's 6 Year Capital Budget Plan:

This project was listed on Mn/DOT's long term needs assessment. However, it was not noted on the list of projects in the 6 year plan submitted to the legislature as there was no compelling reason to purchase prior to May, 1994 when it came on the market.

5. **FACILITY PLANNING ISSUES:**

The open floor plan provides for more functionality, more efficient space use and higher levels of technological communications. This building has been rewired and technologically updated to support high speed communications through fiber optic and local area networks which have the capacity for greater expansion. The Department of Administration, Information Strategies and Planning Division has approved the Water's Edge Information technology plan. We are currently submitting our telecommuting plan and will look for approval by the end of January, 1995.

A comparison has also been calculated using the annual square footage cost per employee in the building and using the alternatives of leasing versus buying the building as follows:

Dollars in Thousands ($137,500 = $138)

On January 10, 1995 the Water's Edge Building houses 642 employees, based on this occupancy:

Annual cost/occupant lease	=	$250.91
Annual cost/occupant purchase	=	174.44
Savings	=	$76.47 per occupant

As noted from these numbers the cost per occupant goes down by approximately 30% or $76.47.

This building asset is a good choice because of its price, availability, its access for customers and employees and its general good condition.

6. **FACILITY MANAGEMENT ISSUES:**

The Water's Edge building was built in 1980. In 1993 - 1994 major building renovations were conducted by the owner at the cost of over $2 million. Renovation improvements included upgrading the lobby, elevator and bathroom areas as well as all tenant spaces and parking areas. All windows were retrofitted to eliminate leakage. All improvements were made in accordance to existing ADA regulations.

However, the inventory of physical condition and program suitability is in the process of being completed in cooperation with the Facility Management Office at the Department of Administration.

An initial due diligence study was completed which found the building to be in good shape. However there are several building components which are still being investigated. A completion date of January 30, 1995 is projected. Negotiations will not consumate until these additional components are given an acceptable rating.

During the initial due diligence investigation the following concerns were raised with the owner and are now all corrected as follows:

- Correction of elevator microprocessors
- Roof surveyed and repaired
- Correction of an exterior wall i.e., insulation, weather tight, etc.
- Return air corrected in the third floor computer room
- All code violations corrected
- Several pipes insulated for operational improvement

The remaining service life of principle building systems has been accounted for in the life cycle cost analysis and verified in the appraisal.

This acquisition does not impact our allocation of funds for maintenance and repair of currently owned assets.

Operating savings of approximately $300,000 per year will be realized because of eliminating the profit factor to a building owner.

7. **PROJECT CONTACT PERSON, TITLE, AND PHONE:**

Adeel Lari, Project Manager, 282-6148

AGENCY CAPITAL BUDGET REQUEST

Form D-2

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

PROJECT TYPE (check all that apply):

_X_ Acquisition of a facility currently being leased (no program expansion).
____ Adaption of an existing facility for new, expanded or enhanced uses.
____ Adaption of an existing facility for code-required changes, handicapped access or legal liability purposes.
____ Renewal of existing facilities or assets (no program expansion).

PROJECT CHARACTERISTICS (check all that apply):

____ Safety/liability
____ Hazardous materials
____ Asset preservation
____ Code compliance
____ Handicapped access (ADA)
____ Enhancement of existing programs/services
____ Expansion of existing programs/services
____ New programs/services
____ Co-location of facilities
_X_ Operating cost reductions and efficiencies
____ Other (specify):

PREVIOUSLY REQUESTED: _X_ **No** ___ **Yes When?** __________________

PRIOR FUNDING: _X_ **No** ___ **Yes**
Laws __________, **Ch** __________, **Sec** __________ **$** __________
Laws __________, **Ch** __________, **Sec** __________ **$** __________

INFORMATION TECHNOLOGY AND TELECOMMUTING:

Information technology plan:
submitted to IPO _X_ yes ___ no
approved by IPO _X_ yes ___ no

Telecommuting plan or statement of non-practicability:
submitted to IPO _X_ yes ___ no
approved by IPO _X_ yes ___ no

AGENCY BUILDING NAME AND #: Metro Division Headquarters

STATE-WIDE BUILDING ID #:

FACILITY SQUARE FOOTAGE:

Existing Building
137,930 Gross Sq. Ft.

Project Scope
-0- Gross Sq. Ft. Demolished
-0- Gross Sq. Ft. Renewal or Adaption
-0- Gross Sq. Ft. New Construction

Final Building Size
137,930 Gross Sq. Ft.

Are there design standards or guidelines that apply to your agency and this project?
____ Yes _X_ No.

If so, please cite appropriate sources:

CHANGES IN OPERATING COSTS (Facilities Note):

	F.Y. 94-95	F.Y. 96-97	F.Y. 98-99
Change in Compensation	$	$	$
Change in Bldg. Oper. Expenses	$ 1,063	$ 2,126	$ 2,126
Change in Lease Expenses	$ (1,493)	$ (3,083)	$ (3,316)
Change in Other Expenses	$	$	$
Total Change in Operating Costs	$ (430)	$ (957)	$ (1,190)

Other:

Change in F.T.E. Personnel	-0-	-0-	-0-

AGENCY CAPITAL BUDGET REQUEST

Form D-3

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

PROJECT COSTS:

Acquisition (land and buildings)	$ 8,900
Consultant Services (pre-design)	$ -0-
Consultant Services (design)	$ -0-
Construction	$ -0-
Furnishings, Fixtures and Equipment (F.F. & E.)	$ -0-
Data/Telecommunications	$ -0-
Art Work (1% of construction)	$ -0-
Project Management	$ -0-
Project Contingency	$ -0-
Related Projects	$ -0-
Inflation adjustment (x%)	$ -0-
Other Costs (please specify): Closing costs and contingency	$ 100
TOTAL PROJECT COSTS (all years)	$ 9,000

FUNDING SOURCE:

Total Project Costs (all years)	$ 9,000
State Funding Requested (all years)	$ 9,000
Federal Funding (all years)	$ -0-
Local Government Funding (all years)	$ -0-
Private Funding (all years)	$ -0-

For 1995 Session

State Funding Requested	$ 9,000
Federal Funding	$ -0-
Local Government Funding	$ -0-
Private Funding	$ -0-

For 1996 Session

State Funding Estimate	$ -0-

For 1998 Session

State Funding Estimate	$ -0-

PROPOSED METHOD(S) OF STATE FINANCING (check one):

X Cash: Fund Trunk Highway Fund

___ Bonds: Tax Exempt ___ Taxable ___

STATE DEBT SERVICE PAYMENTS (Check all that apply):

___ General Fund % of total ___

___ User Financing % of total ___

Source of funds ___

PROJECT TIMETABLE:

	Start Date (Mo./Yr.)	End Date (Mo./Yr.)	Duration (Months)
Planning/Programming			
Site Selection and Purchase	6/95	7/95	1
Predesign			
Design			
Construction			
Substantial Completion			
Final Completion			

Midpoint of construction is (Mo./Yr.) N/A

AGENCY CAPITAL BUDGET REQUEST

Form D-4

Building Project Detail (Cont.'d)

1995 Session Request

Dollars in Thousands ($137,500 = $138)

DEPARTMENT OF ADMINISTRATION ANALYSIS:

This is a request by the department for the acquisition of the Waters Edge Building for use as a Mn/DOT Metro Division Headquarters. The funding for the acquisition should be contingent on the completion and favorable result of a due diligence of the structure and major components of the building. In addition, a strategic plan for locating the Department of Transportation facilities should be developed and followed. The Metro Division is in the early process of developing a strategic plan for locating facilities which will need to fit into Mn/DOT's overall strategic plan. The Information Technology plan and the Telecommuting plan have been reviewed and approved by IPO.

Given that the above concerns are satisfactorily addressed, the acquisition of this building seems to support the division's program needs and would be a good business decision compared to other options, given the current real estate market. The acquisition would be consistent with one of the goals of the Department of Administration's strategic plan for locating state agencies, which is to acquire state-owned facilities rather than to lease these facilities. Clearly state ownership of this property would result in significant savings over the long term compared to leasing the facility.

DEPARTMENT OF FINANCE ANALYSIS:

The current availability of this building to purchase represents a unique financial opportunity. Analysis by MnDOT and the Department of Administration reveals that ownership, rather than continued leasing, would be the most cost-effective approach.

GOVERNOR'S RECOMMENDATION:

The Governor recommends capital funds of $9,000,000 to the Department of Transportation as a direct appropriation from the Trunk Highway Fund.

Statewide Strategic Score	
Criteria	**Points**
Critical Life Safety Emergency	0
Critical Legal Liability	0
Prior Commitment	0
Strategic Linkage	80
Safety Concerns	0
Customer Services/Statewide Significance	70
Agency Priority	100
User and Non-State Financing	0
Asset Management	0
Operating Savings or Efficiencies	60
Contained in State Six-Year Planning Estimates	0
Total	310

	Predesign	Schematic Design	Design Devel.	Const. Doc.	Const. (Acq.)
Prior Funding:	☐	☐	☐	☐	☐
Agency Request:	☐	☐	☐	☐	■
Governor's Rec:	☐	☐	☐	☐	■