



**LEASES  
Fund 5400**

**FISCAL YEARS 2018 and 2019  
Business Plan**

September 1, 2016  
Christopher A. Guevin, Director  
Department of Administration  
Plant Management Division  
G-10 Administration Building  
50 Sherburne Avenue  
St. Paul, MN 55155  
Phone: 651.201.2350  
Fax: 651.297.5158

[chris.guevin@state.mn.us](mailto:chris.guevin@state.mn.us)

<http://mn.gov/admin/government/buildings-grounds/>

## TABLE OF CONTENTS

---

<b>Department of Administration.....</b>	<b>1</b>
<b>Executive Summary .....</b>	<b>4</b>
<b>The Business.....</b>	<b>6</b>
Description of Business .....	6
Products and Services .....	9
Marketing .....	11
Competition.....	13
Financial Outlook.....	14
<b>Financial Data.....</b>	<b>17</b>
Assumptions for Rate Matrix .....	17
Rate Matrix –FY 2018 .....	18
Rate Matrix – FY 2019 .....	22
Rate Proposal/Comparison .....	26
Rate Matrix Computation.....	27
Six Year Rate Comparison .....	28
History and Proforma – FY 2018 .....	29
History and Proforma – FY 2019 .....	30
Capital Asset & Technology Purchases – FY 2018.....	31
Capital Asset & Technology Purchases – FY 2019.....	32
SWIFT Spending Plan – FY 2018 .....	33
SWIFT Spending Plan – FY 2019 .....	34
<b>Financial Statement.....</b>	<b>35</b>
Statement of Net Position.....	35
Statement of Revenues, Expenses and Changes in Net Position.....	36
Statement of Cash Flows.....	37

Budget to Actual Comparison ..... 38

Footnotes to Financial Statements ..... 39

Statement of Revenues, Expenses and Changes in Retained Earnings by Cost Center..... 43

**Supporting Information ..... 44**

    Organization Chart ..... 44

    FY 2016/2017 Lease Exhibit B ..... 46

    Customer Surveys and Building Tours..... 55

## Executive Summary

### Who are we and what do we do

The Department of Administration's (Admin), Plant Management Division's (PMD's) purpose is to provide well-functioning facilities management services to the State Capitol Complex and select other buildings. PMD operates and maintains 23 buildings and 31 parking facilities on the 140 acre Capitol Complex and at select locations elsewhere in the Twin Cities and the State of Minnesota. PMD strives to provide the best value to our customers by ensuring that our services are responsive, responsible, and cost effective in order to keep the buildings it operates in sound condition while keeping lease rates as low as possible.

### What are our goals for next year

Admin's mission is to benefit all Minnesotans by leading innovation, creating solutions, and providing exceptional services by emphasizing:

- diversity and inclusion,
- customer satisfaction,
- technology optimization,
- sustainability,
- employee engagement, and
- best value.

PMD has developed Specific, Measurable, Achievable, Relevant, and Timely (SMART) objectives that include:

- Update the recycling program in all buildings to include composting organics
- Train and develop 3 Project Search interns for future employment
- Partner with Minneapolis Community and Technical College (MCTC) and Project for Pride in Living (PPL) to sponsor 3 interns and hire 1 Building Operations Technician apprentice
- Plant and nurture at least 4 Pollinator Gardens throughout our 40 acres of green space
- Reopen the State Capitol Building by January 2017

### What are our proposed rates

The proposed rates reflect overall increases of 3.4% each year in FY 2018 and FY 2019.

Comparing FY 2019 to FY 2017 rates:

- 5 buildings have no rate change: Ely Revenue, Governor's Residence, Minnesota History Center, and State Office Building
- 14 buildings have rate increases: 321 Grove Building 2, 691 N. Robert, Administration, Ag/Health Lab, Andersen, BCA Maryland, Centennial, Fleet & Surplus Services, Freeman, Judicial, Retirement Systems, Stassen, Transportation, and Veterans Service buildings
- 3 buildings have no rates: 321 Grove Building 1, Ford, and Power House
- An interim rate request for the State Capitol Building will be submitted in the next few months as additional information regarding building operations and maintenance needs are understood.

See page 26 for detailed rates.

What are our successes, challenges, along with economic and legislative impacts

Successes

- PMD reduced overall energy consumption from FY 2008 to FY 2016 by 29.9% (24.3% after weather normalization)
- Minnesota Senate Building (MSB) successfully opened in January 2016

Challenges

We have experienced problems with water intrusion in several buildings over the past few years.

Economic Impacts

Due to the large pay gap between the private and public sector, we have been unable to fill several of our trades positions.

Legislative Impacts

As directed by the Laws of 2015, Chapter 77, Article 2, Section 80, Admin will be submitting a report to the legislature by January 15, 2017 regarding In Lieu of Rent appropriation.

What is our projected FY 2018 financial activity

Revenue	\$69,256,015
Expenses	\$70,468,004
Year-end Retained Earnings	\$8,157,325
Working Capital	\$9,458,931
Full Time Equivalents	251.64
Overall Rate Change	3.4%

What is our projected FY 2019 financial activity

Revenue	\$71,644,364
Expenses	\$70,035,789
Year-end Retained Earnings	\$9,765,901
Working Capital	\$9,384,589
Full Time Equivalents	251.64
Overall Rate Change	3.4%

# The Business

## Description of Business

### How was the business created

- Statutory authority – M.S. 16B.24 and M.S. 16B.48
- Year created – 1986
- Purpose – To preserve the state’s assets and provide building conditions that result in tenant comfort and satisfaction
- Type of fund – Internal Service Fund

### What are significant historical changes

Leases changed from a general funded operation to an Internal Service Fund in 1986 for the following reasons:

- As a general fund, Leases was not adequately funded to maintain the facilities at a level that would protect and preserve the state’s assets
- To help ensure state agency budgets reflected the full cost of their operations
- To maximize federal participation

In response to the state’s significant budget deficiencies in 2004, biennial budget rent adjustments are no longer automatically provided to state agencies. Since that time, agencies may keep any rent savings that are realized and are expected to absorb any rent increases.

Starting in 2004, the lease rate methodology was to set rates so there were no overall rate increases each biennium. Therefore, to offset buildings that required rate increases, other building rates were lowered. This created lease rates in some buildings that were not reflective of actual costs or building needs.

Beginning in FY 2016, PMD implemented a rate setting approach that focuses on managing finances on a by-building basis rather than from an overall fund perspective. This allows us to set rates that are more predictable for our tenant agencies and helps match revenues to expenses. PMD continues to focus on holding expenses and rates down while preserving the state’s assets and providing building conditions that result in tenant comfort and satisfaction.

However, because of the focus on keeping retained earnings balance in each building equal to working capital, we continue to have challenges with fluctuating rates. Building repairs are not predictable; this has been especially evident over the past few years in relation to water intrusion issues.

### What are significant aspects of the business

PMD maintains and operates 4.7 million gross square feet in 23 buildings. This includes 20 buildings under PMD’s custodial control as well as the Minnesota History Center, Retirement Systems Building, and Fleet and Surplus Services Building. PMD’s Leases activity delivers consistent, quality services to ensure cost-effective, clean, safe, and environmentally sound

facilities and grounds. Leases provides housekeeping, engineering, building management, waste removal, general recycling, grounds maintenance, snow removal, trade and repair services, provision of utilities, event permitting and coordination, cafeteria oversight, and environmental and fire/life/safety systems. PMD also maintains the ceremonial grounds and monuments and memorials as a showplace for all Capitol Complex tenants, visitors, and Minnesota citizens.

PMD strives to ensure our buildings are well maintained, clean, and comfortable while keeping rates low. Many projects have recently been completed or are currently in process to help achieve this goal including:

- Replace obsolete fire alarm systems, for which replacement parts were no longer available for purchase, at Centennial, Judicial, Retirement Systems, Transportation, and Veterans Service buildings
- Water/air intrusion repairs at BCA Maryland, Judicial Center, Freeman, and Veterans Service buildings to fix leaks and maintain structural integrity
- Install fall protection tie offs in several buildings to improve safety and meet current building code requirements
- Generator replacement and mechanical updates at Ely Revenue to improve building operations and tenant comfort
- Replaced failing Ag/Health Lab heat wheels for improved efficiency and reliability
- Improved access to mechanical and electric equipment to address safety concerns

Each biennium, Admin requests a general fund appropriation In-Lieu-of-Rent which serves as a pass-through account for entities that do not directly pay for their leased space. In-Lieu-of-Rent includes three distinct components:

- Ceremonial - space in the State Capitol Building such as the Rotunda, the Governor's Residence, and the ceremonial grounds including monuments and memorials
- Rent Waived - space in the State Capitol, State Office, and Veterans Service buildings occupied by the House of Representatives, Senate, Revisor of Statutes, Legislative Reference Library, and congressionally chartered veterans organizations
- Services for the Blind - space occupied by blind vending operators in buildings under PMD's custodial control

#### What are the location, hours, and website

Administration Building  
50 Sherburne Avenue, Room G10  
St. Paul, MN 55155

PMD staff are housed throughout the buildings it manages.

PMD's Service Line (651.201.2300) operates 7 am to 4:30 pm M-F excluding state holidays. Many buildings operate extended hours.

Website: <http://mn.gov/admin/government/buildings-grounds/>

#### What are the partnerships

- Through a partnership with MN Pollution Control Agency (MPCA) and the Minnesota Chamber of Commerce's Waste Wise Foundation, PMD is modernizing our recycling program as we increase recycling rates and work toward becoming a zero-waste workplace.
- Through a partnership with MCTC and PPL, PMD will help empower low-income people to become self-reliant by sponsoring 3 interns.
- Through a partnership with the Governor's Office and Project Search, we will help youth with disabilities make a successful transition from school to adult life by sponsoring 3 interns.

#### What are our strengths, weaknesses, opportunities, and threats/risks/vulnerabilities

##### Strengths

PMD's highly skilled employees are committed to preserving the state's assets. Their building knowledge and understanding of the business needs of their customers allows PMD to focus on the long-term effects of providing value and maintaining and improving the buildings.

##### Weaknesses

Holding overall lease rates steady for over a decade created rates in some buildings that are not reflective of true costs and building needs. Since increasing rates drastically is difficult for our agency tenants, these rates are being increased gradually which is creating challenges scheduling needed repairs and improvements in some buildings.

##### Opportunities

We are working with Xcel Energy to purchase one third of our base electricity load through their Green Electricity Portfolio program (solar and wind farms).

##### Threats/risks/vulnerabilities

- Security concerns as identified by the Advisory Committee on Capitol Area Security
- Governor's Residence, State Office, and Centennial Office buildings are in need of major renovations

#### What other key/significant business/financial information is important to our business

The State Capitol Building is in the final stages of an historic \$310 million restoration project. The project, which began fall 2013, will be completed in January 2017.

## Products and Services

### What are our main products/services and the benefits to customer

Services provided by Leases include:

- Janitorial Services – cleaning and sanitizing of offices, laboratories, museums, lobbies, conference rooms, and restrooms
- Maintenance Engineering – maintenance and repair of facilities and their components, including lighting, heating, cooling, mechanical, and pneumatic systems
- Building Management Services – oversight of construction and renovation projects; environmental issues; indoor air quality; recycling, reuse, and sustainability; and integrated pest management
- Maintenance & Leasehold – preventative maintenance type projects such as replacement of carpet, window blinds, and sidewalks; painting; duct cleaning; and tuckpointing
- Utilities – heating, cooling, humidity control, water and sewage, and electrical
- Specialized Utilities – electrical and cooling utilities beyond normal office usage is billed to tenants as a fee-for-service based on actual usage
- Asset Preservation Program – management of asset preservation program outlining required facility repairs
- Building Replacement Funds – management of asset preservation funds to be used for future building repairs at the Andersen and Freeman buildings. The original construction of these buildings was financed by the Saint Paul Port Authority. This program will be expanded to include MSB which was financed with state revenue bonds.
- Carpentry/Paint Shop – repair and maintenance related to carpentry, painting, and plastering including building interior/exterior finishes, signage, and casework
- Pipe Shop – repair and maintenance related to plumbing, steam fitting, refrigeration, and sheet metal including domestic water systems, waste and storm sewers, heating and chilled water systems, air conditioning, and coordination of sprinkler systems repairs
- Electric/Machine Shop – repair and maintenance related to electrical and machinist work including primary high, medium, and low voltage systems; all mechanical/electrical equipment; keys; door hardware; locks; and specialized machining of parts
- Grounds – development, implementation, and monitoring of the grounds maintenance program including landscaping and snow removal
- Ceremonial Grounds – maintenance of ceremonial grounds, monuments, and memorials
- Recycling Program – collection and removal of organics, paper products, cans, bottles and plastics, and pallets
- Waste Removal – collection and removal of solid waste
- PMD Service Line – one call for all PMD service requests such as temperature, lighting, elevator, and snow removal issues (651.201.2300)
- Fire/Life Safety – installation, monitoring, repair, and replacement of building electronic systems and devices such as high/low temperature alarms, keycard readers, and motion detectors

- Security Services – in cooperation with the Department of Public Safety Capitol Security, maintenance of perimeter security devices including cameras, door entry systems, card reader devices, and security devices in common areas
- Computer Assisted Facilities Management System – electronic work order system for preventative maintenance and on-demand work
- Shared Conference Rooms – availability and scheduling of shared conference rooms for tenants during normal business hours in Administration, Centennial, and Veterans Service buildings
- Cafeterias – oversight of contract for cafeteria services in select buildings
- Special Event Permits – special event coordination and issuance of permits for public rallies and events
- Licenses – fees for media equipment
- Evaluation of Performance – evaluation of services through building tours, facility condition audits, customer surveys, and computer assisted facilities management program
- After-hours Heating and Cooling – upon prior PMD approval, based on need, PMD may provide after-hours heating or cooling for specific one-time tenant requests. Tenants will reimburse PMD based on usage.

#### What are our major changes

We are not aware of any state need for 321 Grove Building 1 upon completion of the Capitol Restoration project. It is anticipated that this building will be sold through the state surplus building process.

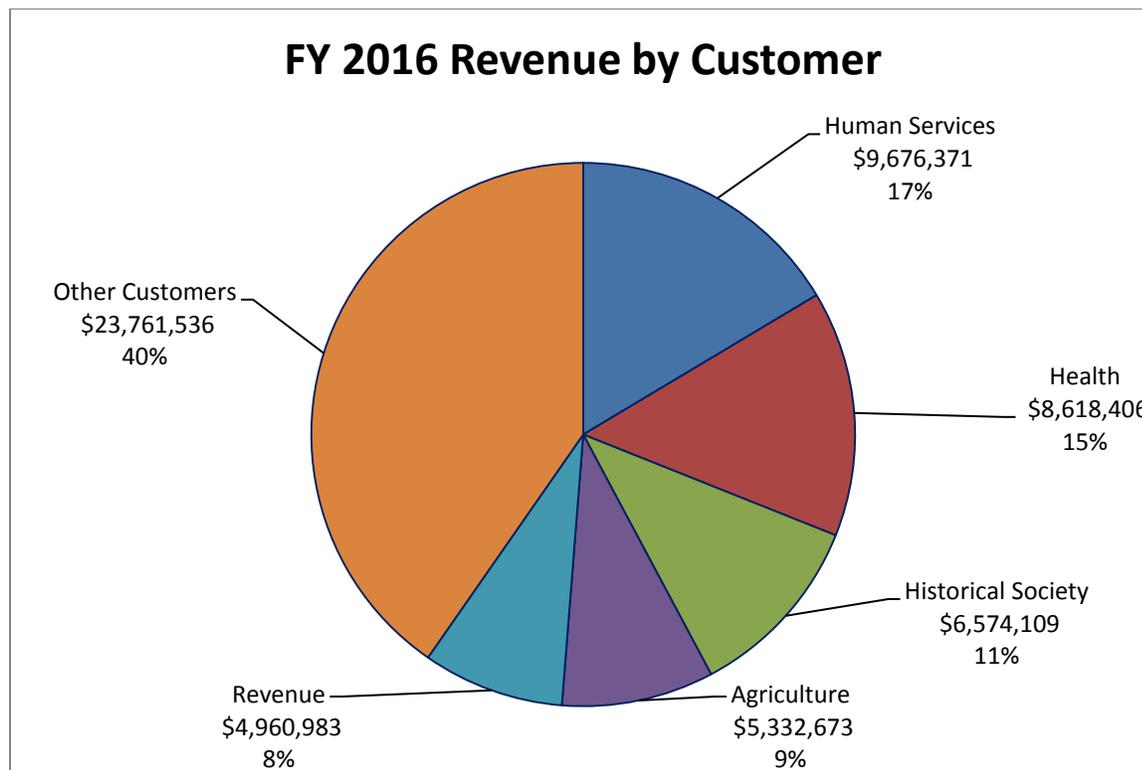
Upon completion of the Capitol Restoration project, it is expected that PMD will begin allowing wine and beer sales in the Rathskeller (Capitol cafeteria) as authorized by the Laws of 2013, Chapter 137, Article 4, Section 6 which amended the Laws of 2001, Chapter 193, Section 10. It is also expected the State Capitol Building will be available for after-hours events. PMD will submit an Interim Rate Request related to Capitol events when impacts are better understood.

## Marketing

### Who are our target audiences/customers

Leases customers are the state agencies, employees, visitors, legislators, and media in the buildings managed by PMD. The majority of PMD buildings are located in the Capitol Complex, but there are also buildings at 321 Grove, the BCA Building on Maryland Ave., Retirement Systems Building on Empire Drive, Governor's Residence on Summit Ave., and the Ely Revenue Building.

### Who are our key customers



### What is changing the customer base and how

Over the past four reporting years (2011-2015), the number of tenants in our buildings has increased by 1,000 (13%). Additional tenants lead to increased expenses in such areas as:

- Increased electrical usage for plug load
- Additional heat load resulting in increased cooling demand
- Increased restroom supplies
- Increase in general building maintenance for items such as toilet flush valves, door hinges, and increased wear and tear on buildings
- Increased need for janitorial staff as described later in this plan (see page 44)

Greater efficiency in space usage, by maximizing building occupancy, is beneficial even though the rate per square foot is increasing. For example, state agencies have reduced commercial lease space and consolidated employees in PMD managed buildings.

#### What have we heard from our customers

As part of Admin's Performance Management Process, PMD monitors performance through annual customer surveys and management building tours. These measures provide PMD with an assessment of performance from both the operational and tenant perspective and assist in improving services. These tools help PMD:

- Identify areas in which PMD can improve the level of service
- Receive and respond to customer feedback
- Assess the general condition of the building
- Identify and initiate work orders for items requiring repair or maintenance
- Identify items to be added to the deferred maintenance list
- Ensure that tenants are provided a clean, safe and environmentally sound work place
- Document and produce reports of the division's assessment activity for departmental review

See page 55 for results of customer surveys and building tours.

## Competition

### Who is our competition

Property management companies provide services that are similar to PMD's Leases activity.

Because of numerous differences in the lease rates for state owned buildings and non-state owned buildings, valid comparisons cannot be made between these rates without appropriate recognition of the differences and adjustments made accordingly. For example, PMD has rules and regulations to follow, such as state procurement laws and labor mandates; pays employees union wages and benefits; and pays statewide indirect costs, bond interest, and building depreciation. Non-state owned buildings pay real estate taxes and debt service. In addition, some PMD operated buildings are not standard office buildings and require different service levels such as the State Capitol Building, Minnesota History Center, Governor's Residence, BCA Maryland Laboratory, and Agriculture/Health Laboratory. PMD strives to operate their buildings at high service levels commensurate with owner occupied buildings focusing on the long-term benefits of maintaining and improving the buildings. This is not always the focus with commercial building management firms that do not occupy the buildings they manage as profit maximization is the prime motivating factor.

### How do our rates compare

The chart below lists FY 2016 office lease rates for state agencies in privately owned buildings in St. Paul. PMD's rates can be found on page 26.

#### **Office Rates of State Agencies in Privately Owned Space in St. Paul**

<b>Building</b>	<b>Rate per SF (as of 2/2/16)</b>
81 on Seventh	\$22.40
180 5 <sup>th</sup> St E	\$21.00
443 Lafayette Rd (DOLI)	\$18.03
444 Lafayette Rd (DHS)	\$20.29
500 Lafayette Rd (DNR)	\$21.45
520 Lafayette Rd (PCA)	\$18.47
DC-1 Warehouse	\$14.81
First National Bank Building	\$13.65 - \$18.70
Golden Rule Building	\$19.75 - \$22.34
Landmark Towers	\$21.85
Metro Square Building	\$18.10
Park Square Court	\$17.69 - \$18.00
Town Square	\$21.88 - \$22.38

## Financial Outlook

### What is our current overall financial health

As mentioned in last biennium's Lease Business Plan, holding overall lease rates steady over a twelve year period has created lease rates that are not reflective of true costs and building needs. As PMD continues to invest in needed building repairs and improvements, rates are expected to continue to increase in future years.

Building life expectancy, vacant space, breakeven rates, positive/negative retained earnings, planned construction projects, and working capital are factors that are considered when developing each building's rate. The difference between actual revenues and expenses versus budgeted amounts will be reflected in future lease rates.

The business plan is based on the following assumptions regarding occupied/vacant space:

- When the Senate and media tenants move back into the State Capitol Building upon completion of the restoration project in mid FY 2017, the space they currently occupy in the Centennial Office Building will become vacant.
- When the Governor's office moves back to the State Capitol, the space they currently occupy in the Veterans Service Building will be reassigned to another state agency.
- The State Office Building will remain fully occupied.
- No other changes in occupancy/vacancy levels through FY 2019.
- If any tenant vacates space, Admin may need to revise the rental rate for that facility and/or explore alternative leasing options.

There are no FY 2018 or FY 2019 expenses included in this plan for 321 Grove Building 1 or the Ford Building.

Leases information technology (IT) expenses have increased with the consolidation of state IT services. The impact of this change for future years is unknown.

Admin's Real Estate unit has had a long standing budget shortfall of \$415,000 per year that has been funded by Leases. These costs are included in this business plan but Admin is looking at more appropriate methods of funding this shortfall.

A portion of the depreciation and bond interest collected through the rental rates are transferred to a segregated Facility Repair and Replacement (FR&R) account in accordance with § 16B.24 subd. 5d. FR&R assists PMD in planning and budgeting for future cyclical repairs and replacements that extend the useful life of the facilities and reduce the reliance on the capital budget process. Preventive maintenance and planned, coordinated repair and replacements are significantly less expensive than emergency repairs or full replacement of facilities.

### What are the rate changes and why

The proposed rates reflect overall rate increases of 3.4% each year in FY 2018 and FY 2019. There are rate increases in 14 buildings including significant percentage increases for tenant

agency customers at Fleet and Surplus Services, Judicial Center, and Retirement Systems buildings. Specific construction projects that have contributed to these increases include:

- Fleet and Surplus Services Building – upgraded zone manager
- Judicial Center – repairs for water intrusion, fire alarm system replacement, installation of fall protection tie off, and carpet replacement
- Retirement Systems Building – fire alarm system replacement and upgraded zone manager

It is important to note, in each of these buildings there have been previous rate decreases for reasons described on page 6. Specifically as it relates to these 3 buildings:

- Fleet and Surplus Services – when the rate was first established for this building in FY 2011, the rate was \$12.00 – equal to the FY 2018 rate and \$2 less than the FY 2019 rate. This reflects a 17% rate increase over 8 years.
- Judicial Center – FY 2003 rate was \$24.63, so the rate of \$19.95 in FY 2019 reflects a 19% decrease over a 16 year period.
- Retirement Systems Building – FY 2003 rate was \$10.93 so the rate of \$12.90 in FY 2019 reflects an 18% increase over a 16 year period.

Assuming the same square footage as currently occupied, the five largest customers will pay 3.6% more in FY 2018 than in FY 2017. In FY 2019, they will pay 3.3% more than they will in FY 2018. These customers will pay 6.1% more in the FY 2018/2019 biennium than they did in the FY 2016/2017 biennium.

How will the proposed rates impact our financial health

	<b>FY 2018</b>	<b>FY 2019</b>
Beginning Retained Earnings	\$9,369,314	\$8,157,325
Change in Retained Earnings	(\$1,211,989)	\$1,608,575
Ending Retained Earnings	\$8,157,325	\$9,765,901

How will our proposed rates impact our customers

**Projected Impact on 5 Largest Customers**

Customer	Increase/(Decrease) FY 2017 to FY 2018	Increase/(Decrease) FY 2018 to FY 2019	Increase/(Decrease) From FY 2016/2017 to FY 2018/2019
Dept of Human Services	\$629,228	\$517,499	\$1,840,142
Dept of Health	\$379,593	\$373,376	\$1,292,636
Minn Historical Society	\$17	\$0	\$33
Dept of Agriculture	\$183,481	\$218,953	\$672,961
Dept of Revenue	\$56,171	\$58,492	\$352,159
<b>Total</b>	<b>\$1,248,490</b>	<b>\$1,168,320</b>	<b>\$4,157,931</b>

No rate matrix for 321 Grove Building 1 is included in this plan. This building is being used as a temporary storage facility and project management office for the Capitol Restoration project until January 2017. If Capitol Restoration completion is delayed and the building remains in use during FY 2018, the rate approved for FY 2017 will apply.

PMD has several long-standing license agreements with media organizations that have equipment on state property which allows them to transmit news regarding state government activities.

There are times when tenants have a need for renovation projects that are beyond the scope of the lease agreement and the agency may not have the money to fund the entire project in one year. Occasionally, PMD will pay the tenant renovation expenses and amortize the cost of the project back to the tenants for up to five years. These projects are based on availability of funding and require approval from MMB.

# Financial Data

## Assumptions for Rate Matrix

### Fiscal Years 2018 and 2019

Revenue Category	Account	Increase/Decrease	Explanation
In Lieu of Rent – Ceremonial	670031	FY18: Decrease (\$212,011) (-12.3%) FY19: Increase \$1,220 (0.1%)	FY17 includes Capitol whereas FY18 does not. FY19 due to slight increase in revenue for Ceremonial Grounds.
In Lieu of Rent – Rent Waived	670031	FY18: Decrease (\$1,692,402) (-34.2%) FY19: Increase \$10,933 (0.3%)	FY17 includes Capitol whereas FY18 does not. FY19 due to increase Veterans Service Building rates.

Expense Category	Account	Increase/Decrease	Explanation
Utilities – Electric	411003-80001	FY18: Increase \$20,303 (0.3%) FY19: Increase \$304,225 (5.0%)	FY17 includes Capitol whereas FY18 does not. FY18 & FY19 based on projected utility rate increases of 5%.
Utilities – District Cooling	411003-80007	FY18: Increase \$27,242 (2.2%) FY19: Increase \$63,139 (5.0%)	FY17 includes Capitol whereas FY18 does not. FY18 & FY19 based on projected utility rate increases of 5%.
Repairs & Maintenance	41500	FY18: Decrease (\$630,253) (-16.8%) FY19: Increase \$59,340 (1.9%)	FY17 includes Capitol whereas FY18 does not. FY17 included large repair projects at Andersen, Centennial, & MHC that would not continue into FY18.
Rent Rebate Expense	44200	FY18: Decrease (\$2,000,000) (-100%) FY19: No change	FY17 includes a rent rebate to the Minnesota Historical Society for excess retained earnings at MHC.
Maintenance and Leasehold	Various	FY18: Decrease (\$1,853,000) (-37.4%) FY19: Decrease (\$1,250,000) (-40.3%)	Based on anticipated projects. FY17 included large projects at Centennial, 691 N. Robert, Judicial, & Ceremonial Grounds that would not continue into FY18. FY18 includes projects at Andersen & MHC that would not continue into FY19.
Intrafund Expenses (PMD Rent)	N/A	FY18: Increase \$19,509 (3.0%) FY19: Increase \$67,759 (10.3%)	Based on rate increases in buildings.
Bond Interest	N/A	FY18: Decrease (\$414,580) (-11.6%) FY19: No change	Based on payment schedule of interest for construction projects funded with bonded dollars. Interest is paid over 20 years. Bond Interest only paid on occupied buildings.
Building Depreciation	N/A	FY18: Decrease (\$810,615) (-8.0%) FY19: Decrease (\$66,378) (-0.7%)	Based on payment schedule of building depreciation, which is based on life cycle of building or construction project. Building Depreciation only paid on occupied buildings.
Building Replacement Funds	N/A	FY18: Increase \$141,096 (23.6%) FY19: No change	Based on addition of Minnesota Senate Building.

The budgeted FTE for FY 2018 & FY 2019 is 251.64. Budgeted FTE for FY 2016 and FY 2017 was 244.39. Changes from FY16/17 to FY18/19 include the addition of 5 GMWs, 1 Plumber, and 1 Building Operations Technician.

Square footage information is based on occupied space per Real Estate and Construction Services Space Management Inventory.

The assumptions for these rates include a general inflation factor of 1.9% for FY 2018 and 1.9% for FY 2019. This factor is used when a more specific factor is not available.

**Plant Management Cost/Rate Calculation  
Lease Rate Matrix FY 2018**

**LEASE RATE MATRIX FY 2018  
August 24, 2016**

	Total	321 Grove Bldg 2	691 N Robert	Admin	Ag/Health Lab	Andersen	BCA Maryland
<b>Direct Costs</b>							
Salaries & Benefits	16,366,435	43,686	162,998	358,334	749,812	1,264,746	859,903
Utilities - Electric	6,079,290	5,242	36,507	103,587	850,140	891,478	462,528
Utilities - Water	469,884	822	3,869	8,660	40,525	31,464	37,501
Utilities - District Heat	1,892,972		28,197	63,287	522,899	131,448	
Utilities - District Cooling	1,262,824		4,395	17,809	273,419	572,898	
Utilities - Gas and Other	414,517	3,128			88,694	7,399	139,791
Repairs & Maintenance	3,122,983	4,857	19,911	40,564	146,827	274,493	96,457
Maintenance & Leasehold	3,100,000	2,100	8,700	21,400	50,100	621,400	65,800
Professional/Technical Services	643,149	1,845	7,241	8,519	26,783	79,320	47,915
Supplies	1,753,874	2,467	24,485	39,826	113,442	182,709	141,769
Purchased Services	657,955	7,600	5,093	14,334	14,085	82,077	17,723
Insurance	117,409	77	647	2,107	7,420	12,831	9,635
Statewide Indirect	887,821						
Centralized IT Services	867,140	33	490	2,594	4,177	2,587	2,431
Vehicle Leases	231,970						
Other Operating Costs	506,614	1,520	4,833	10,702	17,093	40,637	22,815
Intrafund Expenses (PMD Rent)	659,229						
Depreciation	576,821	19,316	9,085	11,291	45,235	7,314	26,857
Bond Interest	3,155,580	1,757		63,449	1,044,802		615,376
Building Depreciation	9,322,788	2,853		420,455	853,677		836,654
Debt Service	17,624,594					6,693,680	
Building Replacement Funds	738,155					335,567	
<b>Total Direct Costs</b>	<b>70,468,004</b>	<b>97,303</b>	<b>336,451</b>	<b>1,174,908</b>	<b>4,849,130</b>	<b>11,231,938</b>	<b>3,383,155</b>
<b>Distributions/Allocations</b>							
Admin O/H Internal	0	4,059	16,243	40,027	93,589	227,012	122,981
Admin O/H External	0	3,405	13,622	33,568	78,488	190,383	103,137
Grounds	0	796	1,152	18,257	7,710	36,247	40,679
Tunnels	0			14,126	33,020		
Common Space (Conf Rms)	0		1,656	(13,421)	9,690		
Electric/Chiller Loop (Power House)	0		14,702	36,755	86,995		
Automation System	0		1,187	17,152	72,621	61,126	158,745
<b>Total Distributions/Allocations</b>	<b>0</b>	<b>8,260</b>	<b>48,562</b>	<b>146,464</b>	<b>381,113</b>	<b>514,768</b>	<b>425,542</b>
<b>Total Costs</b>	<b>70,468,004</b>	<b>105,563</b>	<b>385,013</b>	<b>1,321,372</b>	<b>5,230,243</b>	<b>11,746,706</b>	<b>3,808,697</b>
<b>Revenue - In Lieu of Rent</b>							
Approp. - Ceremonial	1,515,053						
Approp. - Services for Blind	120,007			17,518		31,996	5,460
Approp. - Rent Waived	3,254,940						
<b>Total In Lieu of Rent</b>	<b>4,890,000</b>	<b>0</b>	<b>0</b>	<b>17,518</b>	<b>0</b>	<b>31,996</b>	<b>5,460</b>
<b>Revenue - Other</b>							
Specialized Utilities	907,160			4,945		521,754	
Intrafund Revenue	659,229	103,563	395,802	159,864			
Misc Revenue	2,493						
<b>Total Other Revenue</b>	<b>1,568,882</b>	<b>103,563</b>	<b>395,802</b>	<b>164,809</b>	<b>0</b>	<b>521,754</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>							
Requested Storage Rate				7.50			
Requested Storage Revenue	182,086			3,075			
Office Rate Breakeven		18.04	16.05	22.63	37.77	33.45	20.95
Office Revenue Breakeven	64,401,760	105,552	385,007	1,296,111	5,229,974	11,190,831	3,803,116
Requested Office Rate		17.70	16.50	22.75	39.80	31.90	21.00
Requested Office Revenue	63,274,276	103,563	395,802	1,302,984	5,511,066	10,672,273	3,812,193
<b>Total Rent Revenue</b>	<b>63,456,362</b>	<b>103,563</b>	<b>395,802</b>	<b>1,306,059</b>	<b>5,511,066</b>	<b>10,672,273</b>	<b>3,812,193</b>
<b>Total Recoveries/Revenue</b>	<b>69,256,015</b>	<b>103,563</b>	<b>395,802</b>	<b>1,328,522</b>	<b>5,511,066</b>	<b>11,226,023</b>	<b>3,817,653</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>(1,211,990)</b>	<b>(2,000)</b>	<b>10,789</b>	<b>7,150</b>	<b>280,823</b>	<b>(520,683)</b>	<b>8,956</b>
<b>FY18 Storage Rate</b>							
<b>FY18 Office Rate</b>		<b>17.70</b>	<b>16.50</b>	<b>22.75</b>	<b>39.80</b>	<b>31.90</b>	<b>21.00</b>
<b>FY17 Storage Rate</b>							
<b>FY17 Production Rate</b>		15.70	14.50	7.00			
<b>FY17 Office/Lab Rate</b>		15.70	14.50	21.65	38.25	30.35	20.00
<b>FY16 Storage Rate</b>							
<b>FY16 Production Rate</b>		14.30	13.20	7.00			
<b>FY16 Office/Lab Rate</b>		14.30	13.20	20.90	38.25	30.15	20.00
Automation System Points	78,678	3	93	1,483	6,263	5,270	13,691
<b>Distribution Methods</b>							
A. By Total Sq. Ft.	1.0000	0.0020	0.0083	0.0206	0.0481	0.1166	0.0632
B. By Sq. Ft. w/o Ely. Fleet	1.0000	0.0021	0.0084	0.0207	0.0484	0.1174	0.0636
C. By Sq. Ft. Cap. Complex w/o Andersen, MHC	1.0000		0.0126	0.0315	0.0737		
D. By Grounds	1.0000	0.0009	0.0013	0.0206	0.0087	0.0409	0.0459
E. By Tunnel Connections	1.0000			0.0388	0.0907		
F. By Automation System Points	1.0000		0.0013	0.0188	0.0796	0.0670	0.1740
G. By Power House (Elec & Chiller Loop)	1.0000		0.0126	0.0315	0.0737		
H. M&L w/o Fleet & RSB	1.0000	0.0021	0.0087	0.0214	0.0501	0.1214	0.0658
I. Capitol Complex w/o MHC	1.0000		0.0109	0.0267	0.0625	0.1515	
<b>Comparison to Prior Year</b>							
Revenue at FY18 Requested Rate	67,687,129	0	0	1,163,712	5,511,066	10,704,268	3,817,653
Revenue at FY17 Requested Rate	65,467,481	0	0	1,107,388	5,296,439	10,184,155	3,635,860
Variance	2,219,648	0	0	56,324	214,627	520,113	181,793
% Rate Increase - Overall	3.4%						
<b>Square Footage</b>							
Office	2,616,318	5,851	23,988	58,046	138,469	334,554	181,533
Storage	24,278			410			
Ceremonial	17,027						
Services for the Blind	5,027			770		1,003	260
Rent Waived - Office	209,931						
Rent Waived - Storage	5,457						
<b>Total Square Footage</b>	<b>2,878,038</b>	<b>5,851</b>	<b>23,988</b>	<b>59,226</b>	<b>138,469</b>	<b>335,557</b>	<b>181,793</b>

**Plant Management Cost/Rate Calculation  
Lease Rate Matrix FY 2018**

**LEASE RATE MATRIX FY 2018  
August 24, 2016**

	Centennial	Ely	Fleet & Surplus	Freeman	Governor's Residence	Judicial	MN History Center	MN Senate Bldg
<b>Direct Costs</b>								
Salaries & Benefits	1,154,409	35,156	61,941	1,089,384	183,538	977,399	1,772,730	496,910
Utilities - Electric	447,490	19,940		367,045	29,590	257,732	733,027	282,529
Utilities - Water	26,641	2,203		23,910	4,086	40,561	75,304	22,813
Utilities - District Heat	135,435			218,242		90,093		110,395
Utilities - District Cooling	50,162			77,414		38,011		62,094
Utilities - Gas and Other	2,920	12,431		9,145	14,837		117,421	6,363
Repairs & Maintenance	144,969	41,980	2,296	264,851	40,694	188,646	888,923	149,443
Maintenance & Leasehold	177,700	5,300		94,600	6,200	65,000	869,100	51,100
Professional/Technical Services	19,355	5,266	1,730	107,984	927	72,001	45,614	21,931
Supplies	135,464	7,048	5,137	110,149	38,830	89,591	180,049	39,491
Purchased Services	32,387	60,680	972	66,223	18,351	24,847	104,978	35,089
Insurance	6,644	471		9,403	1,238	12,438		21,930
Statewide Indirect								
Centralized IT Services	5,005	2,772		4,628	447	5,078	7,756	4,386
Vehicle Leases								
Other Operating Costs	15,322	446		17,565	20,716	16,973	19,632	17,582
Intrafund Expenses (PMD Rent)								
Depreciation	14,081	15,266		1,652	17,771	7,922	107,039	9,031
Bond Interest	23,916				66,174	8,181	22,368	
Building Depreciation	925,279	99,318			171,693	970,105	704,894	
Debt Service				5,995,000				4,936,014
Building Replacement Funds				261,501				141,097
<b>Total Direct Costs</b>	<b>3,317,179</b>	<b>308,277</b>	<b>72,076</b>	<b>8,718,696</b>	<b>615,092</b>	<b>2,864,578</b>	<b>5,648,836</b>	<b>6,408,198</b>
<b>Distributions/Allocations</b>								
Admin O/H Internal	145,218	2,282	755	176,930	11,602	121,434	222,564	95,523
Admin O/H External	121,786	7,811	1,372	148,382	9,730	101,840	186,653	80,110
Grounds	25,701			44,667	15,509	39,970	53,706	19,586
Tunnels	51,222			62,362		42,813		33,638
Common Space (Conf Rms)	(10,811)			18,302		12,569		9,874
Electric/Chiller Loop (Power House)	133,368			162,421		111,548		87,628
Automation System	24,268	6,934	2,555	54,557	91	90,868	128,091	39,869
<b>Total Distributions/Allocations</b>	<b>490,752</b>	<b>17,027</b>	<b>4,682</b>	<b>667,621</b>	<b>36,932</b>	<b>521,042</b>	<b>591,014</b>	<b>366,228</b>
<b>Total Costs</b>	<b>3,807,931</b>	<b>325,304</b>	<b>76,758</b>	<b>9,386,317</b>	<b>652,024</b>	<b>3,385,620</b>	<b>6,239,849</b>	<b>6,774,426</b>
<b>Revenue - In Lieu of Rent</b>								
Approp. - Ceremonial					595,945			
Approp. - Services for Blind	15,576			24,424		675		
Approp. - Rent Waived								
<b>Total In Lieu of Rent</b>	<b>15,576</b>	<b>0</b>	<b>0</b>	<b>24,424</b>	<b>595,945</b>	<b>675</b>	<b>0</b>	<b>0</b>
<b>Revenue - Other</b>								
Specialized Utilities	102,896			44,597				
Intrafund Revenue								
Misc Revenue								
<b>Total Other Revenue</b>	<b>102,896</b>	<b>0</b>	<b>0</b>	<b>44,597</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>								
Requested Storage Rate	7.50							
Requested Storage Revenue	63,443							
Office Rate Breakeven	17.78	22.36	15.28	35.72	38.29	18.85	18.96	48.01
Office Revenue Breakeven	3,624,026	325,360	76,736	9,316,848	0	3,384,084	6,239,433	6,774,067
Requested Office Rate	16.50	24.00	12.00	36.40	35.00	17.75	16.50	49.90
Requested Office Revenue	3,363,129	349,224	60,264	9,494,212	0	3,186,604	5,429,886	7,040,740
<b>Total Rent Revenue</b>	<b>3,426,572</b>	<b>349,224</b>	<b>60,264</b>	<b>9,494,212</b>	<b>0</b>	<b>3,186,604</b>	<b>5,429,886</b>	<b>7,040,740</b>
<b>Total Recoveries/Revenue</b>	<b>3,545,044</b>	<b>349,224</b>	<b>60,264</b>	<b>9,563,233</b>	<b>595,945</b>	<b>3,187,279</b>	<b>5,429,886</b>	<b>7,040,740</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>(262,887)</b>	<b>23,920</b>	<b>(16,484)</b>	<b>176,916</b>	<b>(56,079)</b>	<b>(198,341)</b>	<b>(809,963)</b>	<b>266,314</b>
<b>FY18 Storage Rate</b>								
<b>FY18 Office Rate</b>	<b>16.50</b>	<b>24.00</b>	<b>12.00</b>	<b>36.40</b>	<b>35.00</b>	<b>17.75</b>	<b>16.50</b>	<b>49.90</b>
<b>FY17 Storage Rate</b>								
<b>FY17 Production Rate</b>	<b>7.00</b>							
<b>FY17 Office/Lab Rate</b>	<b>16.00</b>	<b>24.00</b>	<b>10.00</b>	<b>35.00</b>	<b>35.00</b>	<b>15.75</b>	<b>16.50</b>	<b>49.90</b>
<b>FY16 Storage Rate</b>								
<b>FY16 Production Rate</b>	<b>7.00</b>							
<b>FY16 Office/Lab Rate</b>	<b>16.00</b>	<b>24.00</b>	<b>10.00</b>	<b>34.00</b>	<b>35.00</b>	<b>15.75</b>	<b>16.50</b>	<b>56.26</b>
<b>Automation System Points</b>								
	2,093	598	224	4,704	11	7,835	11,044	3,435
<b>Distribution Methods</b>								
A. By Total Sq. Ft.	0.0746	0.0051	0.0017	0.0909	0.0059	0.0624	0.1143	0.0490
B. By Sq. Ft. w/o Ely, Fleet	0.0751			0.0915	0.0060	0.0628	0.1151	0.0494
C. By Sq Ft Cap Cmplx w/o Andersen, MHC	0.1143			0.1392		0.0956		0.0751
D. By Grounds	0.0290			0.0504	0.0175	0.0451	0.0606	0.0221
E. By Tunnel Connections	0.1407			0.1713		0.1176		0.0924
F. By Automation System Points	0.0266	0.0076	0.0028	0.0598	0.0001	0.0396	0.1404	0.0437
G. By Power House (Elec & Chiller Loop)	0.1143			0.1392		0.0956		0.0751
H. M&L w/o Fleet & RSB	0.0777	0.0053		0.0946	0.0062	0.0650	0.1191	0.0511
I. Capitol Complex w/o MHC	0.0970			0.1181		0.0811		0.0637
<b>Comparison to Prior Year</b>								
Revenue at FY18 Requested Rate	3,442,148	349,224	60,264	9,518,636	595,945	3,187,279	5,429,886	7,040,740
Revenue at FY17 Requested Rate	3,335,533	349,224	50,220	9,152,535	595,945	2,828,149	5,429,886	7,040,740
Variance	106,615	0	10,044	366,101	0	359,130	0	0
% Rate Increase - Overall								
<b>Square Footage</b>								
Office	205,392	14,551	5,022	260,830		179,527	329,084	141,097
Storage	8,459							
Ceremonial					17,027			
Services for the Blind				671		38		
Rent Waived - Office	944							
Rent Waived - Storage								
<b>Total Square Footage</b>	<b>214,795</b>	<b>14,551</b>	<b>5,022</b>	<b>261,501</b>	<b>17,027</b>	<b>179,565</b>	<b>329,084</b>	<b>141,097</b>

**Plant Management Cost/Rate Calculation  
Lease Rate Matrix FY 2018**

**LEASE RATE MATRIX FY 2018  
August 24, 2016**

	Retirement Systems Bldg	Stassen	State Office Bldg	Transportation	Veterans Service Bldg	Admin O/H External	Admin O/H Internal	Automation System
<b>Direct Costs</b>								
Salaries & Benefits	599,047	1,194,780	997,780	1,132,211	342,673	743,019	920,637	277,898
Utilities - Electric	291,700	419,873	290,209	481,466	108,268			
Utilities - Water	18,947	31,659	14,935	43,705	5,173			305
Utilities - District Heat	85,158	144,885	97,820	193,664	59,387			
Utilities - District Cooling		58,746	33,580	53,596	20,700			
Utilities - Gas and Other	3,801	6,052		2,535				
Repairs & Maintenance	57,297	235,337	122,175	275,167	69,131		1,286	9,029
Maintenance & Leasehold		868,900	75,400	95,300	21,900			
Professional/Technical Services	18,708	77,239	19,277	54,687	8,845		5,314	
Supplies	46,193	145,765	89,405	130,347	34,835		35,167	5,471
Purchased Services	13,396	69,794	24,405	31,577	8,147		6,061	992
Insurance		13,572	6,164	8,527	2,218			
Statewide Indirect						887,821		
Centralized IT Services	3,664	7,536	5,945	5,628	2,819		190,244	597,972
Vehicle Leases							170,292	7,405
Other Operating Costs	11,611	37,352	16,266	24,409	28,564		56,111	
Intrafund Expenses (PMD Rent)							551,913	3,754
Depreciation	1,374	13,630	81,810	75,399	30,819		2,165	
Bond Interest		950,928	50,168	10,917	46,442			1,240
Building Depreciation		856,691	754,273	1,328,054	409,599			8,264
Debt Service								
Building Replacement Funds								
<b>Total Direct Costs</b>	<b>1,150,896</b>	<b>5,132,739</b>	<b>2,669,612</b>	<b>3,947,189</b>	<b>1,199,520</b>	<b>1,630,840</b>	<b>1,939,190</b>	<b>912,330</b>
<b>Distributions/Allocations</b>								
Admin O/H Internal	74,446	222,178	140,964	178,090	40,800		(1,936,697)	
Admin O/H External	62,434	186,328	118,219	149,355	34,217	(1,630,840)		
Grounds	31,905	63,987	20,827	30,398	34,032			
Tunnels			49,693	62,763	14,416			
Common Space (Conf Rms)		22,983	14,581	18,420	(83,843)			
Electric/Chiller Loop (Power House)		203,960	129,400	163,472	37,572			
Automation System	33,026	105,648	15,327	66,600	30,198			(912,330)
<b>Total Distributions/Allocations</b>	<b>201,811</b>	<b>805,084</b>	<b>489,011</b>	<b>669,098</b>	<b>107,392</b>	<b>(1,630,840)</b>	<b>(1,936,697)</b>	<b>(912,330)</b>
<b>Total Costs</b>	<b>1,352,707</b>	<b>5,937,823</b>	<b>3,158,623</b>	<b>4,616,287</b>	<b>1,306,912</b>	<b>0</b>	<b>2,493</b>	<b>0</b>
<b>Revenue - In Lieu of Rent</b>								
Approp. - Ceremonial								
Approp. - Services for Blind		8,823	2,773	8,452	4,310			
Approp. - Rent Waived			2,953,266		301,674			
<b>Total In Lieu of Rent</b>	<b>0</b>	<b>8,823</b>	<b>2,956,039</b>	<b>8,452</b>	<b>305,984</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Other</b>								
Specialized Utilities		101,609		96,857	34,502			
Intrafund Revenue							2,493	
Misc Revenue								
<b>Total Other Revenue</b>	<b>0</b>	<b>101,609</b>	<b>0</b>	<b>96,857</b>	<b>34,502</b>	<b>0</b>	<b>2,493</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>								
Requested Storage Rate		7.50	7.50	7.50	7.50			
Requested Storage Revenue		59,040		16,785	39,743			
Office Rate Breakeven	12.29	18.02	15.25	17.25	24.87			
Office Revenue Breakeven	1,352,163	5,767,293	103,670	4,493,660	933,819			
Requested Office Rate	11.90	16.40	14.75	18.95	25.50			
Requested Office Revenue	1,309,274	5,248,804	100,271	4,936,513	957,474			
<b>Total Rent Revenue</b>	<b>1,309,274</b>	<b>5,307,844</b>	<b>100,271</b>	<b>4,953,298</b>	<b>997,217</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Recoveries/Revenue</b>	<b>1,309,274</b>	<b>5,418,276</b>	<b>3,056,310</b>	<b>5,056,607</b>	<b>1,337,703</b>	<b>0</b>	<b>2,493</b>	<b>0</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>(43,433)</b>	<b>(519,547)</b>	<b>(102,314)</b>	<b>442,320</b>	<b>30,791</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY18 Storage Rate</b>								
<b>FY18 Office Rate</b>	<b>11.90</b>	<b>16.40</b>	<b>14.75</b>	<b>18.95</b>	<b>25.50</b>			
<b>FY17 Storage Rate</b>								
<b>FY17 Production Rate</b>		7.00	7.00	7.00	7.00			
<b>FY17 Office/Lab Rate</b>	10.90	16.22	14.75	18.40	24.50			
<b>FY16 Storage Rate</b>								
<b>FY16 Production Rate</b>		7.00	7.00	7.00	7.00			
<b>FY16 Office/Lab Rate</b>	10.40	15.60	14.75	17.50	23.50			
<b>Automation System Points</b>								
	2,845	9,108	1,325	5,747	2,608			
<b>Distribution Methods</b>								
A. By Total Sq. Ft.	0.0382	0.1141	0.0724	0.0914	0.0210			
B. By Sq. Ft. w/o Ely. Fleet	0.0385	0.1149	0.0729	0.0921	0.0211			
C. By Sq Ft Cap Cmplx w/o Andersen, MHC		0.1748	0.1109	0.1401	0.0322			
D. By Grounds	0.0360	0.0722	0.0235	0.0343	0.0384			
E. By Tunnel Connections			0.1365	0.1724	0.0396			
F. By Automation System Points	0.0362	0.1158	0.0168	0.0730	0.0331			
G. By Power House (Elec & Chiller Loop)		0.1748	0.1109	0.1401	0.0322			
H. M&L w/o Fleet & RSB		0.1189	0.0754	0.0953	0.0219			
I. Capitol Complex w/o MHC		0.1483	0.0941	0.1188	0.0273			
<b>Comparison to Prior Year</b>								
Revenue at FY18 Requested Rate	1,309,274	5,316,667	3,056,309	4,961,750	1,303,200			
Revenue at FY17 Requested Rate	1,199,251	5,255,025	3,055,106	4,817,109	1,250,375			
Variance	110,023	61,642	1,203	144,641	52,825			
% Rate Increase - Overall								
<b>Square Footage</b>								
Office	110,023	320,049	6,798	260,502	41,002			
Storage		7,872		2,238	5,299			
Ceremonial								
Services for the Blind		538	168	446	169			
Rent Waived - Office			198,998		10,933			
Rent Waived - Storage			2,406		3,051			
<b>Total Square Footage</b>	<b>110,023</b>	<b>328,459</b>	<b>208,390</b>	<b>263,186</b>	<b>60,454</b>			

**Plant Management Cost/Rate Calculation  
Lease Rate Matrix FY 2018**

LEASE RATE MATRIX FY 2018 August 24, 2016	Ceremonial Grounds	Grounds O/H	Tunnels	Electric/Chiller Loop
<b>Direct Costs</b>				
Salaries & Benefits	236,046	545,752		145,646
Utilities - Electric	3,347			7,592
Utilities - Water	54,801			
Utilities - District Heat				22,062
Utilities - District Cooling				
Utilities - Gas and Other				
Repairs & Maintenance	15,396	12,307	11,047	9,910
Maintenance & Leasehold				
Professional/Technical Services	6,729	1,286	2,317	2,316
Supplies	23,213	99,447	6,723	26,851
Purchased Services	11,055	2,868	674	4,547
Insurance		1,455		632
Statewide Indirect				
Centralized IT Services		5,776		5,172
Vehicle Leases	1,998	52,275		
Other Operating Costs	21,354	1,748		103,363
Intrafund Expenses (PMD Rent)		103,563		
Depreciation	18,565	59,766		1,434
Bond Interest	5,164		106,282	138,416
Building Depreciation	48,556		237,010	695,413
Debt Service				
Building Replacement Funds				
<b>Total Direct Costs</b>	<b>446,224</b>	<b>886,243</b>	<b>364,053</b>	<b>1,163,354</b>
<b>Distributions/Allocations</b>				
Admin O/H Internal				
Admin O/H External				
Grounds	401,114	(886,243)		
Tunnels			(364,053)	
Common Space (Conf Rms)				
Electric/Chiller Loop (Power House)				(1,166,821)
Automation System				3,467
<b>Total Distributions/Allocations</b>	<b>401,114</b>	<b>(886,243)</b>	<b>(364,053)</b>	<b>(1,163,354)</b>
<b>Total Costs</b>	<b>847,338</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - In Lieu of Rent</b>				
Approp. - Ceremonial	919,108			
Approp. - Services for Blind				
Approp. - Rent Waived				
<b>Total In Lieu of Rent</b>	<b>919,108</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Other</b>				
Specialized Utilities				
Intrafund Revenue				
Misc Revenue				
<b>Total Other Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>				
Requested Storage Rate				
Requested Storage Revenue				
<b>Office Rate Breakeven</b>				
Office Revenue Breakeven				
Requested Office Rate				
Requested Office Revenue				
<b>Total Rent Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Recoveries/Revenue</b>	<b>919,108</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>71,770</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY18 Storage Rate</b>				
<b>FY18 Office Rate</b>				
FY17 Storage Rate				
FY17 Production Rate				
FY17 Office/Lab Rate				
FY16 Storage Rate				
FY16 Production Rate				
FY16 Office/Lab Rate				
Automation System Points				298
<b>Distribution Methods</b>				
A. By Total Sq. Ft.				
B. By Sq. Ft. w/o Ely. Fleet				
C. By Sq Ft Cap Cmplx w/o Andersen, MHC				
D. By Grounds	0.4526			
E. By Tunnel Connections				
F. By Automation System Points				0.0038
G. By Power House (Elec & Chiller Loop)				
H. M&L w/o Fleet & RSB				
I. Capitol Complex w/o MHC				
<b>Comparison to Prior Year</b>				
Revenue at FY18 Requested Rate	919,108			
Revenue at FY17 Requested Rate	884,541			
Variance	34,567			
% Rate Increase - Overall				
<b>Square Footage</b>				
Office				
Storage				
Ceremonial				
Services for the Blind				
Rent Waived - Office				
Rent Waived - Storage				
<b>Total Square Footage</b>				

**Plant Management Cost/Rate Calculation**  
**Lease Rate Matrix FY 2019**

LEASE RATE MATRIX FY 2019  
August 24, 2016

	Total	321 Grove Bldg 2	691 N Robert	Admin	Ag/Health Lab	Andersen	BCA Maryland
<b>Direct Costs</b>							
Salaries & Benefits	16,737,044	44,675	187,143	366,450	766,796	1,293,395	879,381
Utilities - Electric	6,383,515	5,504	38,333	109,027	892,647	936,052	485,656
Utilities - Water	515,018	872	4,101	7,060	42,956	33,352	39,751
Utilities - District Heat	1,945,745		28,990	54,794	537,887	135,186	
Utilities - District Cooling	1,325,963		4,615	18,699	287,089	601,543	
Utilities - Gas and Other	435,113	3,283			93,128	7,765	146,715
Repairs & Maintenance	3,182,323	4,949	20,289	41,324	149,617	279,709	98,289
Maintenance & Leasehold	1,850,000	2,100	8,700	21,400	50,100	121,400	65,800
Professional/Technical Services	655,371	1,881	7,378	8,681	27,292	80,827	48,825
Supplies	1,787,199	2,514	24,951	40,583	115,597	186,181	144,463
Purchased Services	685,457	7,744	5,190	14,607	14,353	83,636	18,059
Insurance	119,643	78	659	2,148	7,561	13,075	9,818
Statewide Indirect	904,689						
Centralized IT Services	883,615	34	499	2,643	4,257	2,636	2,477
Vehicle Leases	236,377						
Other Operating Costs	518,163	1,561	4,925	10,980	17,537	41,684	23,410
Intrafund Expenses (PMD Rent)	726,988						
Depreciation	589,277	19,337	9,168	8,039	45,715	8,478	27,488
Bond Interest	3,155,580	1,757		63,449	1,044,802		615,376
Building Depreciation	9,256,410	2,853		420,455	853,677		836,654
Debt Service	17,404,144					6,683,176	
Building Replacement Funds	738,155					338,557	
<b>Total Direct Costs</b>	<b>70,035,789</b>	<b>99,142</b>	<b>344,941</b>	<b>1,190,339</b>	<b>4,951,011</b>	<b>10,843,652</b>	<b>3,442,161</b>
<b>Distributions/Allocations</b>							
Admin O/H Internal	0	4,237	16,949	41,767	97,659	236,883	128,329
Admin O/H External	0	3,477	13,905	34,266	80,120	194,341	105,282
Grounds	0	823	1,190	18,854	7,963	37,434	42,010
Tunnels	0			14,141	33,055		
Common Space (Conf Rms)	0		1,722	(14,148)	10,068		
Electric/Chiller Loop (Power House)	0		14,795	36,984	86,534		
Automation System	0		1,208	17,496	74,078	62,352	161,930
<b>Total Distributions/Allocations</b>	<b>0</b>	<b>8,537</b>	<b>49,769</b>	<b>149,360</b>	<b>389,477</b>	<b>531,010</b>	<b>437,551</b>
<b>Total Costs</b>	<b>70,035,789</b>	<b>107,679</b>	<b>394,710</b>	<b>1,339,699</b>	<b>5,340,488</b>	<b>11,374,662</b>	<b>3,879,712</b>
<b>Revenue - In Lieu of Rent</b>							
Approp - Ceremonial	1,516,273						
Approp - Services for Blind	124,854			18,403		33,601	5,733
Approp - Rent Waived	3,265,873						
<b>Total In Lieu of Rent</b>	<b>4,907,000</b>	<b>0</b>	<b>0</b>	<b>18,403</b>	<b>0</b>	<b>33,601</b>	<b>5,733</b>
<b>Revenue - Other</b>							
Specialized Utilities	952,501			5,175		547,842	
Intrafund Revenue	726,988	115,265	443,778	167,945			
Misc Revenue	2,493						
<b>Total Other Revenue</b>	<b>1,681,982</b>	<b>115,265</b>	<b>443,778</b>	<b>173,120</b>	<b>0</b>	<b>547,842</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>							
Requested Storage Rate				7.50			
Requested Storage Revenue	182,086			3,075			
Office Rate Breakeven		18.40	16.45	22.94	38.57	32.27	21.34
Office Revenue Breakeven	63,720,858	107,658	394,603	1,313,866	5,340,749	10,796,058	3,873,914
Requested Office Rate		19.70	18.50	23.90	41.40	33.50	22.05
Requested Office Revenue	65,600,284	115,265	443,778	1,368,849	5,732,617	11,207,559	4,002,803
Total Rent Revenue	66,782,370	115,265	443,778	1,371,924	5,732,617	11,207,559	4,002,803
<b>Total Recoveries/Revenue</b>	<b>71,644,364</b>	<b>115,265</b>	<b>443,778</b>	<b>1,395,502</b>	<b>5,732,617</b>	<b>11,789,002</b>	<b>4,008,536</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>1,608,575</b>	<b>7,586</b>	<b>49,068</b>	<b>55,803</b>	<b>392,129</b>	<b>414,340</b>	<b>128,824</b>
<b>FY19 Storage Rate</b>							
<b>FY19 Office Rate</b>		<b>19.70</b>	<b>18.50</b>	<b>23.90</b>	<b>41.40</b>	<b>33.50</b>	<b>22.05</b>
<b>FY18 Storage Rate</b>							
<b>FY18 Office Rate</b>		17.70	16.50	22.75	39.80	31.90	21.00
<b>FY17 Storage Rate</b>							
<b>FY17 Production Rate</b>		15.70	14.50	7.00			
<b>FY17 Office/Lab Rate</b>		15.70	14.50	21.65	38.25	30.35	20.00
Automation System Points	78,678	3	93	1,483	6,263	5,270	13,691
<b>Distribution Methods</b>							
A. By Total Sq. Ft.	1.0000	0.0020	0.0083	0.0206	0.0481	0.1166	0.0632
B. By Sq. Ft. w/o Ely. Fleet	1.0000	0.0021	0.0084	0.0207	0.0484	0.1174	0.0636
C. By Sq. Ft. Cap Cmplx w/o Andersen, MHC	1.0000		0.0126	0.0315	0.0737		
D. By Grounds	1.0000	0.0009	0.0013	0.0206	0.0087	0.0409	0.0459
E. By Tunnel Connections	1.0000			0.0388	0.0907		
F. By Automation System Points	1.0000		0.0013	0.0188	0.0796	0.0670	0.1740
G. By Power House (Elec & Chiller Loop)	1.0000		0.0126	0.0315	0.0737		
H. M&L w/o Fleet & RSB	1.0000	0.0021	0.0087	0.0214	0.0501	0.1214	0.0658
I. Capitol Complex w/o MHC	1.0000		0.0109	0.0267	0.0625	0.1515	
<b>Comparison to Prior Year</b>							
Revenue at FY19 Requested Rate	69,962,379	0	0	1,222,381	5,732,617	11,241,160	4,008,536
Revenue at FY18 Requested Rate	67,687,129	0	0	1,163,712	5,511,066	10,704,268	3,817,653
Variance	2,275,250	0	0	58,669	221,551	536,892	190,883
% Rate Increase - Overall	3.4%						
<b>Square Footage</b>							
Office	2,616,318	5,851	23,988	58,046	138,469	334,554	181,533
Storage	24,278			410			
Ceremonial	17,027						
Services for the Blind	5,027			770		1,003	260
Rent Waived - Office	209,931						
Rent Waived - Storage	5,457						
<b>Total Square Footage</b>	<b>2,873,038</b>	<b>5,851</b>	<b>23,988</b>	<b>69,226</b>	<b>138,469</b>	<b>335,557</b>	<b>181,793</b>

**Plant Management Cost/Rate Calculation  
Lease Rate Matrix FY 2019**

**LEASE RATE MATRIX FY 2019  
August 24, 2016**

	Centennial	Ely	Fleet & Surplus	Freeman	Governor's Residence	Judicial	MN History Center	MN Senate Bldg
<b>Direct Costs</b>								
Salaries & Benefits	1,180,558	35,952	63,344	1,114,080	187,696	999,538	1,812,885	598,165
Utilities - Electric	469,864	20,937		385,397	31,069	270,618	769,678	296,655
Utilities - Water	28,240	2,313		25,345	4,331	42,995	79,822	24,182
Utilities - District Heat	139,280			224,464		92,601		113,339
Utilities - District Cooling	52,670			81,284		39,911		65,199
Utilities - Gas and Other	3,065	13,023		9,604	15,580		123,261	6,681
Repairs & Maintenance	147,724	42,778	2,340	269,883	41,467	192,231	905,813	152,283
Maintenance & Leasehold	77,700	5,300		94,600	6,200	65,000	119,100	51,100
Professional/Technical Services	19,722	5,366	1,763	110,036	945	73,369	46,481	22,348
Supplies	138,038	7,181	5,235	112,242	39,568	91,293	183,470	40,241
Purchased Services	33,003	61,832	991	67,481	33,700	25,319	106,973	35,756
Insurance	6,771	480		9,582	1,262	12,674		22,347
Statewide Indirect								
Centralized IT Services	5,100	2,825		4,716	456	5,174	7,903	4,469
Vehicle Leases								
Other Operating Costs	15,669	455		17,988	21,110	17,383	20,064	17,915
Intrafund Expenses (PMD Rent)								
Depreciation	13,350	15,266		2,560	17,831	8,545	111,098	9,521
Bond Interest	23,916				66,174	8,181	22,368	
Building Depreciation	858,901	99,318			171,693	970,105	704,894	
Debt Service				5,990,000				4,730,968
Building Replacement Funds				261,501				141,097
<b>Total Direct Costs</b>	<b>3,213,571</b>	<b>313,026</b>	<b>73,673</b>	<b>8,780,723</b>	<b>639,082</b>	<b>2,914,937</b>	<b>5,013,810</b>	<b>6,242,266</b>
<b>Distributions/Allocations</b>								
Admin O/H Internal	151,533	2,333	772	184,624	12,106	126,714	232,242	99,677
Admin O/H External	124,319	7,987	1,064	151,467	9,932	103,957	190,534	81,775
Grounds	26,542			46,128	16,017	41,278	55,484	20,227
Tunnels	51,278			62,430		42,859		33,675
Common Space (Conf Rms)	(11,008)			19,015		13,059		10,259
Electric/Chiller Loop (Power House)	134,204			163,440		112,247		88,178
Automation System	24,755	7,073	2,606	55,652	93	92,691	130,661	40,669
<b>Total Distributions/Allocations</b>	<b>501,623</b>	<b>17,393</b>	<b>4,442</b>	<b>682,756</b>	<b>38,148</b>	<b>532,805</b>	<b>608,901</b>	<b>374,460</b>
<b>Total Costs</b>	<b>3,715,194</b>	<b>330,419</b>	<b>78,115</b>	<b>9,463,479</b>	<b>677,230</b>	<b>3,447,742</b>	<b>5,622,711</b>	<b>6,616,726</b>
<b>Revenue - In Lieu of Rent</b>								
Approp. - Ceremonial					595,945			
Approp. - Services for Blind	16,048			25,431		758		
Approp. - Rent Waived								
<b>Total In Lieu of Rent</b>	<b>16,048</b>	<b>0</b>	<b>0</b>	<b>25,431</b>	<b>595,945</b>	<b>758</b>	<b>0</b>	<b>0</b>
<b>Revenue - Other</b>								
Specialized Utilities	108,041			46,827				
Intrafund Revenue								
Misc Revenue								
<b>Total Other Revenue</b>	<b>108,041</b>	<b>0</b>	<b>0</b>	<b>46,827</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>								
Requested Storage Rate	7.50							
Requested Storage Revenue	63,443							
Office Rate Breakeven	17.31	22.71	15.55	36.01	39.77	19.20	17.09	46.89
Office Revenue Breakeven	3,528,228	330,453	78,092	9,392,488	0	3,446,918	5,624,046	6,616,038
Requested Office Rate	17.00	24.00	14.00	37.90	35.00	19.95	16.50	49.90
Requested Office Revenue	3,465,042	349,224	70,308	9,885,457	0	3,581,564	5,429,886	7,040,740
<b>Total Rent Revenue</b>	<b>3,528,485</b>	<b>349,224</b>	<b>70,308</b>	<b>9,885,457</b>	<b>0</b>	<b>3,581,564</b>	<b>5,429,886</b>	<b>7,040,740</b>
<b>Total Recoveries/Revenue</b>	<b>3,652,574</b>	<b>349,224</b>	<b>70,308</b>	<b>9,957,715</b>	<b>595,945</b>	<b>3,582,322</b>	<b>5,429,886</b>	<b>7,040,740</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>(62,620)</b>	<b>18,805</b>	<b>(7,807)</b>	<b>494,236</b>	<b>(81,285)</b>	<b>134,580</b>	<b>(192,825)</b>	<b>424,014</b>
<b>FY19 Storage Rate</b>								
<b>FY19 Office Rate</b>	<b>17.00</b>	<b>24.00</b>	<b>14.00</b>	<b>37.90</b>	<b>35.00</b>	<b>19.95</b>	<b>16.50</b>	<b>49.90</b>
<b>FY18 Storage Rate</b>								
<b>FY18 Office Rate</b>	<b>16.50</b>	<b>24.00</b>	<b>12.00</b>	<b>36.40</b>	<b>35.00</b>	<b>17.75</b>	<b>16.50</b>	<b>49.90</b>
<b>FY17 Storage Rate</b>								
<b>FY17 Production Rate</b>	<b>7.00</b>							
<b>FY17 Office/Lab Rate</b>	<b>16.00</b>	<b>24.00</b>	<b>10.00</b>	<b>35.00</b>	<b>35.00</b>	<b>15.75</b>	<b>16.50</b>	<b>49.90</b>
<b>Automation System Points</b>								
	2,093	598	224	4,704	11	7,835	11,044	3,435
<b>Distribution Methods</b>								
A. By Total Sq. Ft.	0.0746	0.0051	0.0017	0.0909	0.0059	0.0624	0.1143	0.0490
B. By Sq. Ft. w/o Ely, Fleet	0.0751			0.0915	0.0060	0.0628	0.1151	0.0494
C. By Sq Ft Cap Cmplx w/o Andersen, MHC	0.1143			0.1392		0.0956		0.0751
D. By Grounds	0.0290			0.0504	0.0175	0.0451	0.0606	0.0221
E. By Tunnel Connections	0.1407			0.1713		0.1176		0.0924
F. By Automation System Points	0.0266	0.0076	0.0028	0.0598	0.0001	0.0996	0.1404	0.0437
G. By Power House (Elec & Chiller Loop)	0.1143			0.1392		0.0956		0.0751
H. M&L w/o Fleet & RSB	0.0777	0.0053		0.0946	0.0062	0.0650	0.1191	0.0511
I. Capitol Complex w/o MHC	0.0970			0.1181		0.0811		0.0637
<b>Comparison to Prior Year</b>								
Revenue at FY19 Requested Rate	3,544,533	349,224	70,308	9,910,888	595,945	3,582,322	5,429,886	7,040,740
Revenue at FY18 Requested Rate	3,442,148	349,224	60,264	9,518,636	595,945	3,187,279	5,429,886	7,040,740
Variance	102,385	0	10,044	392,252	0	395,043	0	0
% Rate Increase - Overall								
<b>Square Footage</b>								
Office	205,392	14,551	5,022	260,830		179,527	329,084	141,097
Storage	8,459							
Ceremonial					17,027			
Services for the Blind	944			671		38		
Rent Waived - Office								
Rent Waived - Storage								
<b>Total Square Footage</b>	<b>214,795</b>	<b>14,551</b>	<b>5,022</b>	<b>261,501</b>	<b>17,027</b>	<b>179,565</b>	<b>329,084</b>	<b>141,097</b>

**Plant Management Cost/Rate Calculation  
Lease Rate Matrix FY 2019**

LEASE RATE MATRIX FY 2019  
August 24, 2016

	Retirement Systems Bldg	Stassen	State Office Bldg	Transportation	Veterans Service Bldg	Admin O/H External	Admin O/H Internal	Automation System
<b>Direct Costs</b>								
Salaries & Benefits	612,616	1,221,844	1,020,381	1,157,857	350,436	759,736	941,491	284,193
Utilities - Electric	306,284	440,867	294,219	505,540	113,682			
Utilities - Water	20,084	33,559	15,831	46,328	5,484			323
Utilities - District Heat	87,530	148,917	100,539	198,493	61,041			
Utilities - District Cooling		61,683	35,259	56,276	21,735			
Utilities - Gas and Other	3,990	6,356		2,662				
Repairs & Maintenance	58,386	239,808	124,497	280,395	70,445		1,311	9,201
Maintenance & Leasehold		868,900	175,400	95,300	21,900			
Professional/Technical Services	19,064	78,707	19,643	55,727	9,013		5,415	
Supplies	47,071	148,535	91,103	132,824	35,496		35,835	5,575
Purchased Services	13,650	71,120	24,869	32,177	8,302		6,176	1,011
Insurance		13,830	6,281	8,689	2,261			
Statewide Indirect						904,689		
Centralized IT Services	3,733	7,679	6,058	5,735	2,872		193,859	609,334
Vehicle Leases								7,546
Other Operating Costs	11,907	38,230	16,648	25,015	29,379		57,177	
Intrafund Expenses (PMD Rent)							607,780	3,944
Depreciation	1,756	14,770	82,533	76,312	29,517		771	
Bond Interest		950,928	50,168	10,917	46,442			1,240
Building Depreciation		856,691	754,273	1,328,054	409,699			8,264
Debt Service								
Building Replacement Funds								
<b>Total Direct Costs</b>	<b>1,186,071</b>	<b>5,202,424</b>	<b>2,817,702</b>	<b>4,018,301</b>	<b>1,217,604</b>	<b>1,664,425</b>	<b>2,023,342</b>	<b>930,631</b>
<b>Distributions/Allocations</b>								
Admin O/H Internal	77,683	231,839	147,094	185,834	42,574		(2,020,849)	
Admin O/H External	63,732	190,202	120,677	152,460	34,928	(1,664,425)		
Grounds	32,949	66,081	21,508	31,393	35,145			
Tunnels			49,747	62,831	14,432			
Common Space (Conf Rms)		23,878	15,149	19,138	(87,132)			
Electric/Chiller Loop (Power House)		205,239	130,212	164,497	37,807			
Automation System	33,689	107,767	15,635	67,936	30,804			(930,631)
<b>Total Distributions/Allocations</b>	<b>208,053</b>	<b>825,006</b>	<b>500,022</b>	<b>684,089</b>	<b>108,558</b>	<b>(1,664,425)</b>	<b>(2,020,849)</b>	<b>(930,631)</b>
<b>Total Costs</b>	<b>1,394,124</b>	<b>6,027,430</b>	<b>3,317,724</b>	<b>4,702,390</b>	<b>1,326,162</b>	<b>0</b>	<b>2,493</b>	<b>0</b>
<b>Revenue - In Lieu of Rent</b>								
Approp. - Ceremonial		8,931	2,773	8,697	4,479			
Approp. - Services for Blind			2,953,266		312,607			
Approp. - Rent Waived								
<b>Total In Lieu of Rent</b>	<b>0</b>	<b>8,931</b>	<b>2,956,039</b>	<b>8,697</b>	<b>317,086</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Other</b>								
Specialized Utilities		106,689		101,700	36,227			
Intrafund Revenue							2,493	
Misc Revenue								
<b>Total Other Revenue</b>	<b>0</b>	<b>106,689</b>	<b>0</b>	<b>101,700</b>	<b>36,227</b>	<b>0</b>	<b>2,493</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>								
Requested Storage Rate		7.50	7.50	7.50	7.50			
Requested Storage Revenue		59,040		16,785	39,743			
Office Rate Breakeven	12.67	18.28	16.02	17.57	25.23			
Office Revenue Breakeven	1,393,991	5,850,496	108,904	4,577,020	947,336			
Requested Office Rate	12.90	16.60	14.75	19.50	26.50			
Requested Office Revenue	1,419,297	5,312,813	100,271	5,079,789	995,022			
<b>Total Rent Revenue</b>	<b>1,419,297</b>	<b>5,371,853</b>	<b>100,271</b>	<b>5,096,574</b>	<b>1,034,765</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Recoveries/Revenue</b>	<b>1,419,297</b>	<b>5,487,473</b>	<b>3,056,310</b>	<b>5,206,971</b>	<b>1,388,078</b>	<b>0</b>	<b>2,493</b>	<b>0</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>25,173</b>	<b>(539,957)</b>	<b>(261,415)</b>	<b>504,581</b>	<b>61,916</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY19 Storage Rate</b>		<b>7.50</b>	<b>7.50</b>	<b>7.50</b>	<b>7.50</b>			
<b>FY19 Office Rate</b>	<b>12.90</b>	<b>16.60</b>	<b>14.75</b>	<b>19.50</b>	<b>26.50</b>			
FY18 Storage Rate		7.50	7.50	7.50	7.50			
FY18 Office Rate	11.90	16.40	14.75	18.95	25.50			
FY17 Storage Rate		7.00	7.00	7.00	7.00			
FY17 Production Rate								
FY17 Office/Lab Rate	10.90	16.22	14.75	18.40	24.50			
Automation System Points	2,845	9,108	1,325	5,747	2,608			
<b>Distribution Methods</b>								
A. By Total Sq. Ft.	0.0382	0.1141	0.0724	0.0914	0.0210			
B. By Sq. Ft. w/o Ely. Fleet	0.0385	0.1149	0.0729	0.0921	0.0211			
C. By Sq Ft Cap Cmplx w/o Andersen, MHC		0.1748	0.1109	0.1401	0.0322			
D. By Grounds	0.0360	0.0722	0.0235	0.0343	0.0384			
E. By Tunnel Connections			0.1365	0.1724	0.0396			
F. By Automation System Points	0.0362	0.1158	0.0168	0.0730	0.0331			
G. By Power House (Elec & Chiller Loop)		0.1748	0.1109	0.1401	0.0322			
H. M&L w/o Fleet & RSB		0.1189	0.0764	0.0953	0.0219			
I. Capitol Complex w/o MHC		0.1483	0.0941	0.1188	0.0273			
<b>Comparison to Prior Year</b>								
Revenue at FY19 Requested Rate	1,419,297	5,380,784	3,056,309	5,105,271	1,351,850			
Revenue at FY18 Requested Rate	1,309,274	5,316,667	3,056,309	4,961,750	1,303,200			
Variance	110,023	64,117	0	143,521	48,650			
% Rate Increase - Overall								
<b>Square Footage</b>								
Office	110,023	320,049	6,798	260,502	41,002			
Storage		7,872		2,238	5,299			
Ceremonial								
Services for the Blind		538	188	446	169			
Rent Waived - Office			198,998		10,933			
Rent Waived - Storage			2,406		3,051			
<b>Total Square Footage</b>	<b>110,023</b>	<b>328,459</b>	<b>208,390</b>	<b>263,186</b>	<b>60,454</b>			

**Plant Management Cost/Rate Calculation  
Lease Rate Matrix FY 2019**

**LEASE RATE MATRIX FY 2019  
August 24, 2016**

	<b>Ceremonial Grounds</b>	<b>Grounds O/H</b>	<b>Tunnels</b>	<b>Electric/Chiller Loop</b>
<b>Direct Costs</b>				
Salaries & Benefits	241,393	558,114		148,945
Utilities - Electric	3,515			7,972
Utilities - Water	58,089			
Utilities - District Heat				22,684
Utilities - District Cooling				
Utilities - Gas and Other				
Repairs & Maintenance	15,688	12,541	11,257	10,098
Maintenance & Leasehold				
Professional/Technical Services	6,856	1,311	2,361	2,360
Supplies	23,654	101,337	6,851	27,361
Purchased Services	11,265	2,923	687	4,633
Insurance		1,483		644
Statewide Indirect				
Centralized IT Services	5,886			5,270
Vehicle Leases	2,035	53,269		
Other Operating Costs	21,994	1,781		105,371
Intrafund Expenses (PMD Rent)		115,265		
Depreciation	18,565	67,223		1,434
Bond Interest	5,164		106,282	138,416
Building Depreciation	48,556		237,010	695,413
Debt Service				
Building Replacement Funds				
<b>Total Direct Costs</b>	<b>462,660</b>	<b>915,247</b>	<b>364,448</b>	<b>1,170,601</b>
<b>Distributions/Allocations</b>				
Admin O/H Internal				
Admin O/H External				
Grounds	414,241	(915,247)		
Tunnels			(364,448)	
Common Space (Conf Rms)				
Electric/Chiller Loop (Power House)				(1,174,137)
Automation System				3,536
<b>Total Distributions/Allocations</b>	<b>414,241</b>	<b>(915,247)</b>	<b>(364,448)</b>	<b>(1,170,601)</b>
<b>Total Costs</b>	<b>876,901</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - In Lieu of Rent</b>				
Approp. - Ceremonial	920,328			
Approp. - Services for Blind				
Approp. - Rent Waived				
<b>Total In Lieu of Rent</b>	<b>920,328</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Other</b>				
Specialized Utilities				
Intrafund Revenue				
Misc Revenue				
<b>Total Other Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revenue - Rent / Rate</b>				
Requested Storage Rate				
Requested Storage Revenue				
Office Rate Breakeven				
Office Revenue Breakeven				
Requested Office Rate				
Requested Office Revenue				
<b>Total Rent Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Recoveries/Revenue</b>	<b>920,328</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Inc (Dec) in Retained Earnings</b>	<b>43,427</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY19 Storage Rate</b>				
<b>FY19 Office Rate</b>				
FY18 Storage Rate				
FY18 Office Rate				
FY17 Storage Rate				
FY17 Production Rate				
FY17 Office/Lab Rate				
Automation System Points				298
<b>Distribution Methods</b>				
A. By Total Sq. Ft.				
B. By Sq. Ft. w/o Ely. Fleet				
C. By Sq Ft Cap Cmplx w/o Andersen, MHC				
D. By Grounds	0.4526			
E. By Tunnel Connections				
F. By Automation System Points				0.0038
G. By Power House (Elec & Chiller Loop)				
H. M&L w/o Fleet & RSB				
I. Capitol Complex w/o MHC				
<b>Comparison to Prior Year</b>				
Revenue at FY19 Requested Rate	920,328			
Revenue at FY18 Requested Rate	919,108			
Variance	1,220			
% Rate Increase - Overall				
<b>Square Footage</b>				
Office				
Storage				
Ceremonial				
Services for the Blind				
Rent Waived - Office				
Rent Waived - Storage				
<b>Total Square Footage</b>				

**Plant Management Leases  
Fiscal Years 2018 & 2019  
Lease Rate Proposal/Comparison**

Building	FY17	FY18	FY17 -		FY18 -		
			Difference FY17 - FY18	Percent Change FY17 - FY18	FY19	Difference FY18 - FY19	Percent Change FY18 - FY19
321 Grove Building 2	\$15.70	\$17.70	\$2.00	13%	\$19.70	\$2.00	11%
691 N. Robert	14.50	16.50	2.00	14%	18.50	2.00	12%
Administration	21.65	22.75	1.10	5%	23.90	1.15	5%
Agriculture/Health Lab	38.25	39.80	1.55	4%	41.40	1.60	4%
Andersen	30.35	31.90	1.55	5%	33.50	1.60	5%
BCA Maryland	20.00	21.00	1.00	5%	22.05	1.05	5%
Centennial	16.00	16.50	0.50	3%	17.00	0.50	3%
Ely	24.00	24.00	0.00	-	24.00	0.00	-
Fleet & Surplus Services	10.00	12.00	2.00	20%	14.00	2.00	17%
Freeman	35.00	36.40	1.40	4%	37.90	1.50	4%
Governors Residence	35.00	35.00	0.00	-	35.00	0.00	-
Judicial Center	15.75	17.75	2.00	13%	19.95	2.20	12%
MN History Center	16.50	16.50	0.00	-	16.50	0.00	-
MN Senate Building	49.90	49.90	0.00	-	49.90	0.00	-
Retirement Systems	10.90	11.90	1.00	9%	12.90	1.00	8%
Stassen	16.22	16.40	0.18	1%	16.60	0.20	1%
State Capitol Building	27.15	TBD	-	-	TBD	-	-
State Office Building	14.75	14.75	0.00	-	14.75	0.00	-
Transportation	18.40	18.95	0.55	3%	19.50	0.55	3%
Veterans Service	24.50	25.50	1.00	4%	26.50	1.00	4%
Storage - Select Buildings	7.00	7.50	0.50	7%	7.50	0.00	-
Media License (per month)	100	100	0	-	100	0	-

Note: Rates are per square foot unless otherwise noted  
Customers reimburse costs for after-hours heating and cooling when applicable

## Rate Matrix Computation

**MINNESOTA DEPARTMENT OF ADMINISTRATION  
LEASES  
FOR FISCAL YEARS 2018 & 2019**

Square feet is based on the Space Management Inventory provided by Admin's Real Estate and Construction Services Division.

For most expense categories, a five year history was analyzed to project the costs and usage for the biennium. If no other inflationary projection was available, an increase of 1.9% was used in each year. Changes in how expenses are categorized in this plan include: Equipment, Infrastructure and Building Improvement Depreciation are combined; and Utilities - Gas for Heating and Utilities - Other are combined and renamed Utilities - Gas and Other.

All expense categories are allocated based on actual building costs and specific distribution methods. Those distribution methods include total square footage, buildings connected by the tunnel system, buildings considered part of the electric/chiller loop, allocation of automation system points, etc. Each expense category is analyzed, and costs that are not building specific are allocated using the appropriate distribution method.

New asset purchases for this biennium include shaft align, shop automatic lift, utility vehicles, auto scrubbers, and carpet extractors. Assets are depreciated on a straight line basis with no salvage value, based on estimated useful life. Estimated useful life is currently considered 17-30 years for building improvements and infrastructure, 4 years for IT equipment, 6 years for new vehicles, 4 years for used vehicles, 5 years for office equipment, and 10 years for electric vehicles and other equipment.

Governor's Residence Household budget is \$78,904 in FY 2018 and \$95,403 in FY 2019.

**Minnesota Department of Administration  
Plant Management Division - Fund 5400 (Leases)  
Fiscal Years 2018 & 2019  
Six Year Rate Comparison**

<u>Building</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
321 Grove Building 1	NA	NA	NA	NA	NA	NA
321 Grove Building 2	\$13.00	\$13.00	\$14.30	\$15.70	\$17.70	\$19.70
691 N. Robert	12.00	12.00	13.20	14.50	16.50	18.50
Administration	20.25	20.25	20.90	21.65	22.75	23.90
Ag/Health Laboratory	38.25	38.25	38.25	38.25	39.80	41.40
Andersen	29.00	29.00	30.15	30.35	31.90	33.50
BCA Maryland	20.00	20.00	20.00	20.00	21.00	22.05
Centennial	16.00	16.00	16.00	16.00	16.50	17.00
Ely Revenue	28.00	28.00	24.00	24.00	24.00	24.00
Fleet & Surplus Services	12.00	12.00	10.00	10.00	12.00	14.00
Freeman	32.78	32.78	34.00	35.00	36.40	37.90
Governor's Residence	35.00	35.00	35.00	35.00	35.00	35.00
Judicial Center	15.75	15.75	15.75	15.75	17.75	19.95
Minnesota History Center	16.50	16.50	16.50	16.50	16.50	16.50
Minnesota Senate Building	NA	NA	56.26	49.90	49.90	49.90
Retirement Systems	9.92	9.92	10.40	10.90	11.90	12.90
Stassen	15.00	15.00	15.60	16.22	16.40	16.60
State Capitol Building	27.15	27.15	27.15	27.15	TBD	TBD
State Office Building	14.75	14.75	14.75	14.75	14.75	14.75
Transportation	16.60	16.60	17.50	18.40	18.95	19.50
Veterans Service	22.50	22.50	23.50	24.50	25.50	26.50
Storage - Select Buildings	6.50	6.50	7.00	7.00	7.50	7.50
Media License (per month)	100.00	100.00	100.00	100.00	100.00	100.00

Note: Rates are per square foot unless otherwise noted  
Customers reimburse costs for after-hours heating and cooling when applicable

**Plant Management - Leases  
History & Proforma - FY 2018**

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Projected	FY17 Projected	FY18 Main Matrix	Inc/Dec Over FY17	% Change Over FY17
<b>Revenue:</b>								
Rent Revenue	52,487,835	52,271,380	52,973,582	58,924,079	61,920,153	62,797,133	876,980	1.4%
Ceremonial	1,883,624	1,858,171	1,478,986	1,495,780	1,727,064	1,515,053	(212,011)	-12.3%
Services for Blind	112,003	114,717	110,454	95,137	123,352	120,007	(3,345)	-2.7%
Rent Waived	6,162,373	5,960,763	4,864,228	3,610,631	4,947,342	3,254,940	(1,692,402)	-34.2%
Intrafund Revenue	546,028	553,737	550,712	593,195	639,721	659,229	19,508	3.0%
Misc (Elec,Int,Other)	1,333,046	1,150,270	938,150	930,317	916,168	909,653	(6,515)	-0.7%
<b>Total Revenue</b>	<b>62,524,909</b>	<b>61,909,038</b>	<b>60,916,112</b>	<b>65,649,139</b>	<b>70,273,800</b>	<b>69,256,015</b>	<b>(1,017,785)</b>	<b>-1.4%</b>
<b>Expenses:</b>								
Salaries & Benefits	13,389,501	13,967,367	14,368,510	15,001,572	16,460,361	16,366,435	(93,926)	-0.6%
Utilities - Electric	5,889,414	5,945,516	5,449,612	5,407,650	6,058,987	6,079,290	20,303	0.3%
Utilities - Water	417,974	404,704	365,604	413,656	481,202	485,884	4,682	1.0%
Utilities - District Heat	1,566,002	1,729,645	1,749,386	1,605,015	1,908,253	1,892,972	(15,281)	-0.8%
Utilities - District Cooling	909,456	993,778	986,702	1,069,455	1,235,582	1,262,824	27,242	2.2%
Utilities - Gas for Heating	250,165	330,808	312,602	107,983			0	0.0%
Utilities - Gas and Other	229,543	153,503	140,593	179,712	407,221	414,517	7,296	1.8%
Repairs & Maintenance	1,880,622	2,321,950	3,000,754	3,408,733	3,753,236	3,122,983	(630,253)	-16.8%
Maintenance & Leasehold	1,600,500	3,201,004	5,111,038	6,388,775	4,953,000	3,100,000	(1,853,000)	-37.4%
Professional/Technical Services	261,496	601,826	809,559	587,618	690,192	643,149	(47,043)	-6.8%
Communications	150,828						0	0.0%
Supplies	1,846,102	1,768,119	1,675,317	2,578,300	1,899,504	1,753,874	(145,630)	-7.7%
Purchased Services	481,301	650,851	613,738	508,333	662,750	657,955	(4,795)	-0.7%
Admin & Trustee Fees	84,800	79,111	79,687				0	0.0%
Insurance	480,446	462,929	380,682	182,957	174,832	117,409	(57,423)	-32.8%
Statewide Indirect	1,083,482	784,248	964,467	794,797	917,316	887,821	(29,495)	-3.2%
Centralized IT Services				928,322	842,431	867,140	24,709	2.9%
Vehicle Leases				165,270	230,779	231,970	1,191	0.5%
Depreciation of Bldg Improvements	370,116	424,000	361,797	410,244	456,982	436,247	(20,735)	-4.5%
Depreciation of Infrastructure			18,565	18,565	18,565	18,565	0	0.0%
Equipment Depreciation/Amortization	156,288	68,304	71,468	101,799	109,322	122,009	12,687	11.6%
Amortization		88,973	36,686				0	0.0%
Other Operating Costs	437,576	1,295,665	1,063,903	495,055	520,565	506,614	(13,951)	-2.7%
Intrafund Expenses (PMD Rent)	546,350	554,087	554,835	593,195	639,720	659,229	19,509	3.0%
Rent Rebate Expense	1,550,000				2,000,000		(2,000,000)	-100.0%
Bond Interest	4,242,808	4,559,475	4,564,772	4,341,814	3,570,160	3,155,580	(414,580)	-11.6%
Building Depreciation	9,898,150	10,270,909	10,272,532	9,683,293	10,133,403	9,322,788	(810,615)	-8.0%
Debt Service	12,723,099	12,576,208	12,759,773	15,583,361	17,678,868	17,624,594	(54,274)	-0.3%
Building Replacement Funds	595,817	595,558	595,558	597,059	597,059	738,155	141,096	23.6%
<b>Total Expenses</b>	<b>61,041,837</b>	<b>63,828,537</b>	<b>66,308,140</b>	<b>71,152,533</b>	<b>76,400,290</b>	<b>70,468,004</b>	<b>(5,932,286)</b>	<b>-7.8%</b>
<b>Increase/(Decrease) in RE</b>	<b>1,483,072</b>	<b>(1,919,499)</b>	<b>(5,392,028)</b>	<b>(5,503,394)</b>	<b>(6,126,490)</b>	<b>(1,211,989)</b>		
<b>Retained Earnings, Beginning</b>	<b>28,519,384</b>	<b>29,078,749</b>	<b>27,304,057</b>	<b>21,352,929</b>	<b>15,495,803</b>	<b>9,369,314</b>		
Prior Period Adjustments	(923,707)	144,807	(559,100)	(353,732)	0	0		
<b>Retained Earnings, Ending</b>	<b>29,078,749</b>	<b>27,304,057</b>	<b>21,352,929</b>	<b>15,495,803</b>	<b>9,369,314</b>	<b>8,157,325</b>		

Note: Communications is included in Other Operating Costs beginning FY 2014  
Admin & Trustee Fees is included in Purchased Services beginning FY 2016  
Centralized IT Services included in Other Operating Costs before FY 2016  
Vehicle Leases included in Other Operating Costs before FY 2016  
Gas for Heating combined with Utilities Other beginning in FY 2017

**Plant Management - Leases  
History & Proforma - FY 2019**

	FY14 Actual	FY15 Actual	FY16 Projected	FY17 Projected	FY18 Projected	FY19 Main Matrix	Inc/Dec Over FY18	% Change Over FY18
<b>Revenue:</b>								
Rent Revenue	52,271,380	52,973,582	58,924,079	61,920,153	62,797,133	65,055,382	2,258,249	3.6%
Ceremonial	1,858,171	1,478,986	1,495,780	1,727,064	1,515,053	1,516,273	1,220	0.1%
Services for Blind	114,717	110,454	95,137	123,352	120,007	124,854	4,847	4.0%
Rent Waived	5,960,763	4,864,228	3,610,631	4,947,342	3,254,940	3,265,873	10,933	0.3%
Intrafund Revenue	553,737	550,712	593,195	639,721	659,229	726,988	67,759	10.3%
Misc (Elec,Int,Other)	1,150,270	938,150	930,317	916,168	909,653	954,994	45,341	5.0%
<b>Total Revenue</b>	<b>61,909,038</b>	<b>60,916,112</b>	<b>65,649,139</b>	<b>70,273,800</b>	<b>69,256,015</b>	<b>71,644,364</b>	<b>2,388,349</b>	<b>3.4%</b>
<b>Expenses:</b>								
Salaries & Benefits	13,967,367	14,368,510	15,001,572	16,460,361	16,366,435	16,737,044	370,609	2.3%
Utilities - Electric	5,945,516	5,449,612	5,407,650	6,058,987	6,079,290	6,383,515	304,225	5.0%
Utilities - Water	404,704	365,604	413,656	481,202	485,884	515,018	29,134	6.0%
Utilities - District Heat	1,729,645	1,749,386	1,605,015	1,908,253	1,892,972	1,945,745	52,773	2.8%
Utilities - District Cooling	993,778	986,702	1,069,455	1,235,582	1,262,824	1,325,963	63,139	5.0%
Utilities - Gas for Heating	330,808	312,602	107,983	0	0	0	0	0.0%
Utilities - Gas and Other	153,503	140,593	179,712	407,221	414,517	435,113	20,596	5.0%
Repairs & Maintenance	2,321,950	3,000,754	3,408,733	3,753,236	3,122,983	3,182,323	59,340	1.9%
Maintenance & Leasehold	3,201,004	5,111,038	6,388,775	4,953,000	3,100,000	1,850,000	(1,250,000)	-40.3%
Professional/Technical Services	601,826	809,559	587,618	690,192	643,149	655,371	12,222	1.9%
Communications			0	0	0	0	0	0.0%
Supplies	1,768,119	1,675,317	2,578,300	1,899,504	1,753,874	1,787,199	33,325	1.9%
Purchased Services	650,851	613,738	508,333	662,750	657,955	685,457	27,502	4.2%
Admin & Trustee Fees	79,111	79,687	0	0	0	0	0	0.0%
Insurance	462,929	380,682	182,957	174,832	117,409	119,643	2,234	1.9%
Statewide Indirect	784,248	964,467	794,797	917,316	887,821	904,689	16,868	1.9%
Centralized IT Services			928,322	842,431	867,140	883,615	16,475	1.9%
Vehicle Leases			165,270	230,779	231,970	236,377	4,407	1.9%
Depreciation of Bldg Improvements	424,000	361,797	410,244	456,982	436,247	439,164	2,917	0.7%
Depreciation of Infrastructure		18,565	18,565	18,565	18,565	18,565	0	0.0%
Equipment Depreciation/Amortization	68,304	71,468	101,799	109,322	122,009	131,548	9,539	7.8%
Amortization	88,973	36,686	0	0	0	0	0	0.0%
Other Operating Costs	1,295,665	1,063,903	495,055	520,565	506,614	518,163	11,549	2.3%
Intrafund Expenses (PMD Rent)	554,087	554,835	593,195	639,720	659,229	726,988	67,759	10.3%
Rent Rebate Expense			0	2,000,000	0	0	0	0.0%
Bond Interest	4,559,475	4,564,772	4,341,814	3,570,160	3,155,580	3,155,580	0	0.0%
Building Depreciation	10,270,909	10,272,532	9,683,293	10,133,403	9,322,788	9,256,410	(66,378)	-0.7%
Debt Service	12,576,208	12,759,773	15,583,361	17,678,868	17,624,594	17,404,144	(220,450)	-1.3%
Building Replacement Funds	595,558	595,558	597,059	597,059	738,155	738,155	0	0.0%
<b>Total Expenses</b>	<b>63,828,537</b>	<b>66,308,140</b>	<b>71,152,533</b>	<b>76,400,290</b>	<b>70,468,004</b>	<b>70,035,789</b>	<b>(432,215)</b>	<b>-0.6%</b>
<b>Increase/(Decrease) in RE</b>	<b>(1,919,499)</b>	<b>(5,392,028)</b>	<b>(5,503,394)</b>	<b>(6,126,490)</b>	<b>(1,211,989)</b>	<b>1,608,575</b>		
<b>Retained Earnings, Beginning</b>	<b>29,078,749</b>	<b>27,304,057</b>	<b>21,352,929</b>	<b>15,495,803</b>	<b>9,369,314</b>	<b>8,157,325</b>		
Prior Period Adjustments	144,807	(559,100)	(353,732)	0	0	0		
<b>Retained Earnings, Ending</b>	<b>27,304,057</b>	<b>21,352,929</b>	<b>15,495,803</b>	<b>9,369,314</b>	<b>8,157,325</b>	<b>9,765,901</b>		

Note: Communications is included in Other Operating Costs beginning FY 2014  
Admin & Trustee Fees is included in Purchased Services beginning FY 2016  
Centralized IT Services included in Other Operating Costs before FY 2016  
Vehicle Leases included in Other Operating Costs before FY 2016  
Gas for Heating combined with Utilities Other beginning in FY 2017

**Detailed Capital Assets and Technology Purchases**

(Including all items meeting the current capitalization threshold)

MINNESOTA DEPARTMENT OF ADMINISTRATION

LEASES

FOR FISCAL YEAR 2018

Description of Item	FinDept ID	Dept. Name	Justification	Qty	Unit Price	Total Amount	Included in Master Lease 18 Demand Survey Yes or No*	If yes, identify quarter in which item is planned to be purchased.
Shaft Align	G0234140	Technical Services	Replacement	1	\$10,900	\$10,900	No	
Shop Automatic Lift	G0234160	Grounds	Replacement	1	\$10,000	\$10,000	No	
Utility Vehicle	G0234160	Grounds	Replacement	1	\$30,000	\$30,000	No	
Advenger Auto Scrubber	G0234110	Building Operations	Replacement	2	\$18,000	\$36,000	No	
Commodore 20 Carpet Extractor	G0234110	Building Operations	Replacement	6	\$6,000	\$36,000	No	
Chariot 24" Auto Scrubber	G0234110	Building Operations	Replacement	2	\$12,700	\$25,400	No	
<b>Sub-total of items with unit cost less than \$100,000</b>						\$148,300		
<b>GRAND TOTAL</b>						\$148,300		

**Detailed Capital Assets and Technology Purchases**

(Including all items meeting the current capitalization threshold)

MINNESOTA DEPARTMENT OF ADMINISTRATION

LEASES

FOR FISCAL YEAR 2019

Description of Item	FinDept ID	Dept. Name	Justification	Qty	Unit Price	Total Amount	Included in Master Lease 19 Demand Survey Yes or No*	If yes, identify quarter in which item is planned to be purchased.
Toro Workman Utility Truck	G0234160	Grounds	Replacement	1	\$30,000	\$30,000	No	
Toro Groundsmaster 7210	G0234160	Grounds	Replacement	1	\$40,000	\$40,000	No	
Advenger Auto Scrubber	G0234110	Building Operations	Replacement	3	\$17,000	\$51,000	No	
Commodore 20 Carpet Extractor	G0234110	Building Operations	Replacement	3	\$6,000	\$18,000	No	
Chariot 24" Auto Scrubber	G0234110	Building Operations	Replacement	1	\$12,700	\$12,700	No	
<b>Sub-total of items with unit cost less than \$100,000</b>						\$151,700		
<b>GRAND TOTAL</b>						\$151,700		

**SWIFT SPENDING PLAN**  
**MINNESOTA DEPARTMENT OF ADMINISTRATION**  
**LEASES**  
**FOR FISCAL YEAR 2018**

SWIFT Account	Total	G0234100 Director	G0234110 Bldg Ops	G0234140 Tech Svcs	G0234160 Facility Svcs	G0234170 Bus Ops	G0234180 M & L	G0234190 Gov Res
Miscellaneous - Specialized Electric	670024 752,962	752,962	0	0	0	0	0	0
Miscellaneous - Restroom Supplies	670028 629	629	0	0	0	0	0	0
Leases	670030 67,687,133	67,687,133	0	0	0	0	0	0
Miscellaneous - Specialized Cooling	670043 154,198	154,198	0	0	0	0	0	0
Miscellaneous - Scrap	512258 1,864	1,864	0	0	0	0	0	0
Miscellaneous - Sale of Usable	512260 0	0	0	0	0	0	0	0
Miscellaneous - Other Revenue	553090 0	0	0	0	0	0	0	0
<b>Total</b>	<b>68,596,786</b>	<b>68,596,786</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Salaries & Benefits - Full time	41000 11,289,395	704,892	5,692,326	3,269,661	746,876	875,640	0	0
Salaries & Benefits - Part time/Seasonal	41030 57,580	0	41,294	0	16,286	0	0	0
Salaries & Benefits - Overtime/Premium	41050 239,807	9,439	137,279	61,986	14,185	16,918	0	0
Salaries & Benefits - Other	41070 4,779,654	198,816	2,575,974	1,335,495	311,714	357,655	0	0
Utilities	41100 10,135,487	0	0	10,045,078	90,183	0	0	226
Other Operating Costs - Parking Fees	41100 31,816	0	0	31,816	0	0	0	0
Prof/Tech	41130 643,149	96,990	186,190	14,895	34,756	310,317	0	0
Other Operating Costs - Communications	41155 50,000	3,000	25,000	17,000	2,000	3,000	0	0
Vehicle Leases	41160 231,970	0	143,263	19,784	52,275	16,648	0	0
Other Operating Costs - Employee Development	41180 15,000	0	5,000	5,000	0	5,000	0	0
Centralized IT Services	41196 867,139	0	67,975	603,144	5,776	190,244	0	0
Supplies	41300 1,753,874	52,616	385,852	210,465	70,155	997,883	0	36,902
Other Operating Costs - Equipment Rent	41400 99,361	0	0	99,361	0	0	0	0
Repairs & Maintenance	41500 6,222,983	0	2,560,846	156,149	156,149	246,696	3,100,000	3,143
Statewide Indirect Costs	42010 887,821	887,821	0	0	0	0	0	0
Purchased Services	43000 657,955	109,837	226,704	90,928	0	191,854	0	38,632
Other Operating Costs - various	43000 310,438	0	303,090	0	0	7,348	0	0
Insurance	430018 117,409	0	115,954	0	1,455	0	0	0
Equipment Capital	47060 148,300	0	97,400	10,900	40,000	0	0	0
Debt Service - Principal	440101 10,711,258	10,711,258	0	0	0	0	0	0
Debt Service - Interest	440102 6,913,336	6,913,336	0	0	0	0	0	0
<b>Total</b>	<b>56,163,731</b>	<b>19,688,006</b>	<b>12,564,148</b>	<b>15,971,662</b>	<b>1,541,810</b>	<b>3,219,203</b>	<b>3,100,000</b>	<b>78,904</b>
Plus:								
Intrafund Expense	659,229	659,229						
Depreciation	576,821	576,821						
Bldg Replacement Fund	738,155	738,155						
Bond Interest	3,155,580	3,155,580						
Building Depreciation	9,322,788	9,322,788						
<b>Total</b>	<b>14,452,573</b>	<b>14,452,573</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Minus:								
Capital Assets - Equipment	148,300		97,400	10,900	40,000			
<b>Total</b>	<b>148,300</b>	<b>0</b>	<b>97,400</b>	<b>10,900</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>History &amp; Proforma Amount</b>	<b>70,468,004</b>	<b>34,140,579</b>	<b>12,466,748</b>	<b>15,960,762</b>	<b>1,501,810</b>	<b>3,219,203</b>	<b>3,100,000</b>	<b>78,904</b>

**SWIFT SPENDING PLAN**  
**MINNESOTA DEPARTMENT OF ADMINISTRATION**  
**LEASES**  
**FOR FISCAL YEAR 2019**

	SWIFT	Total	G0234100 Director	G0234110 Bldg Ops	G0234140 Tech Svcs	G0234160 Facility Svcs	G0234170 Bus Ops	G0234180 M & L	G0234190 Gov Res
Miscellaneous - Specialized Electric	670024	790,593	790,593	0	0	0	0	0	0
Miscellaneous - Restroom Supplies	670028	629	629	0	0	0	0	0	0
Leases	670030	69,962,382	69,962,382	0	0	0	0	0	0
Miscellaneous - Specialized Cooling	670043	161,908	161,908	0	0	0	0	0	0
Miscellaneous - Scrap	512258	1,864	1,864	0	0	0	0	0	0
Miscellaneous - Sale of Usable	512260	0	0	0	0	0	0	0	0
Miscellaneous - Other Revenue	553090	0	0	0	0	0	0	0	0
<b>Total</b>		<b>70,917,376</b>	<b>70,917,376</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Salaries & Benefits - Full time	41000	11,545,224	722,156	5,819,876	3,343,119	763,632	896,441	0	0
Salaries & Benefits - Part time/Seasonal	41030	58,876	0	42,224	0	16,652	0	0	0
Salaries & Benefits - Overtime/Premium	41050	245,203	11,667	135,005	64,468	15,372	18,690	0	0
Salaries & Benefits - Other	41070	4,887,741	203,685	2,633,697	1,365,500	318,707	366,152	0	0
Utilities	41100	10,605,354	0	0	10,510,623	94,494	0	0	237
Other Operating Costs - Parking Fees	41100	32,420	0	0	32,420	0	0	0	0
Prof/Tech	41130	655,371	98,833	189,729	15,178	35,416	316,215	0	0
Other Operating Costs - Communications	41155	51,000	3,000	26,000	17,000	2,000	3,000	0	0
Vehicle Leases	41160	236,377	0	145,984	20,160	53,269	16,964	0	0
Other Operating Costs - Employee Development	41180	15,000	0	5,000	5,000	0	5,000	0	0
Centralized IT Services	41196	883,615	0	69,266	614,604	5,886	193,859	0	0
Supplies	41300	1,787,199	53,616	393,184	214,464	71,488	1,002,757	0	51,691
Other Operating Costs - Equipment Rent	41400	101,249	0	0	101,249	0	0	0	0
Repairs & Maintenance	41500	5,032,323	0	2,609,505	159,116	159,116	251,383	1,850,000	3,203
Statewide Indirect Costs	42010	904,689	904,689	0	0	0	0	0	0
Purchased Services	43000	685,457	114,428	236,180	94,728	0	199,848	0	40,273
Other Operating Costs - various	43000	318,494	0	310,772	0	0	7,722	0	0
Insurance	430018	119,643	0	118,160	0	1,483	0	0	0
Equipment Capital	47060	151,700	0	81,700	0	70,000	0	0	0
Debt Service - Principal	440101	10,984,078	10,984,078	0	0	0	0	0	0
Debt Service - Interest	440102	6,420,066	6,420,066	0	0	0	0	0	0
		<b>55,721,079</b>	<b>19,516,219</b>	<b>12,816,281</b>	<b>16,557,630</b>	<b>1,607,515</b>	<b>3,278,031</b>	<b>1,850,000</b>	<b>95,403</b>
Adjustments									
Plus:									
Intrafund Expense		726,988	726,988						
Depreciation		589,277	589,277						
Bldg Replacement Fund		738,155	738,155						
Bond Interest		3,155,580	3,155,580						
Building Depreciation		9,256,410	9,256,410						
<b>Total</b>		<b>14,466,410</b>	<b>14,466,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Minus:									
Capital Assets - Equipment		151,700	0	81,700	0	70,000	0	0	0
<b>Total</b>		<b>151,700</b>	<b>0</b>	<b>81,700</b>	<b>0</b>	<b>70,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
History & Proforma Amount		<b>70,035,789</b>	<b>33,982,629</b>	<b>12,734,581</b>	<b>16,557,630</b>	<b>1,537,515</b>	<b>3,278,031</b>	<b>1,850,000</b>	<b>95,403</b>

# Financial Statement

## Statement of Net Position

STATE OF MINNESOTA PLANT MANAGEMENT FUND 5400 STATEMENT OF NET POSITION MARCH 31, 2016	7/27/2016 Unaudited	
	FY16 3/31/2016	FY15 6/30/2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,948,361.72	\$ 13,345,952.37
Accounts Receivable - Leases	13,117,629.64	8,418,742.28
Accounts Receivable - Materials Transfer	6,483.30	8,224.10
Accounts Receivable - Repairs and Other Jobs	65,619.41	65,215.49
Accounts Receivable - Other	602,873.62	643,176.97
Due from Other Funds (Note 3)	76,250.35	28,066.86
Inventory - Supplies (Note 1)	180,229.51	237,606.28
Prepaid Expenses	47,855.65	1,588.86
Prepaid Insurance	111,312.50	-
Prepaid Insurance - Workers' Compensation	85,682.25	-
Total Current Assets	<u>\$ 19,242,297.95</u>	<u>\$ 22,748,573.21</u>
<b>NONCURRENT ASSETS (Note 4)</b>		
Building Improvements	\$ 12,357,045.06	\$ 10,856,580.64
Accumulated Depreciation - Building Improvements	(4,977,131.37)	(4,671,593.23)
Infrastructure	556,936.64	556,936.64
Accumulated Depreciation - Infrastructure	(83,480.53)	(69,557.11)
Equipment	1,524,272.09	1,239,202.16
Accumulated Depreciation - Equipment	(942,756.78)	(916,959.71)
Software	355,891.12	355,891.12
Accumulated Amortization - Software	(355,891.12)	(355,891.12)
Construction In Progress - Building Improvements	519,998.01	365,612.00
Art and Historical Treasures	274,591.50	260,866.50
Total Noncurrent Assets	<u>\$ 9,229,474.62</u>	<u>\$ 7,621,087.89</u>
<b>TOTAL ASSETS</b>	<u>\$ 28,471,772.57</u>	<u>\$ 30,369,661.10</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Outflows (Note 10)	\$ 793,718.91	\$ 793,718.91
Total Deferred Outflows of Resources	<u>\$ 793,718.91</u>	<u>\$ 793,718.91</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,088,773.64	\$ 3,240,307.48
Salaries and Benefits Payable	975,879.28	562,629.77
Rent Rebate Payable (Note 5)	2,333,596.00	2,333,596.00
Retainage Payable (Note 6)	324,952.58	280,766.36
Unearned Revenue	-	13,166.67
Loans Payable (Note 7)	67,400.00	83,600.00
Compensated Absences Payable (Note 8)	219,043.67	213,701.14
Due to Other Funds (Note 11)	32,710.50	12,531.75
Total Current Liabilities	<u>\$ 7,042,355.67</u>	<u>\$ 6,740,299.17</u>
<b>NONCURRENT LIABILITIES</b>		
Compensated Absences Payable (Note 8)	\$ 1,384,678.18	\$ 1,350,905.54
Loans Payable (Note 7)	-	25,600.00
Net OPEB Obligation (Note 9)	253,871.51	253,871.51
Net Pension Liability (Note 10)	7,180,019.82	7,180,019.82
Total Noncurrent Liabilities	<u>\$ 8,818,569.51</u>	<u>\$ 8,810,396.87</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 15,860,925.18</u>	<u>\$ 15,550,696.04</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Inflows (Note 10)	\$ 9,113,690.98	\$ 9,113,690.98
Total Deferred Inflows of Resources	<u>\$ 9,113,690.98</u>	<u>\$ 9,113,690.98</u>
<b>NET POSITION (Note 16)</b>		
Net Investment in Capital Assets	\$ 9,229,474.62	\$ 7,621,087.89
Unrestricted Net Position	(4,938,599.30)	(1,122,094.90)
<b>TOTAL NET POSITION</b>	<u>\$ 4,290,875.32</u>	<u>\$ 6,498,992.99</u>

# Statement of Revenues, Expenses and Changes in Net Position

STATE OF MINNESOTA PLANT MANAGEMENT FUND 5400 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE QUARTER ENDED MARCH 31, 2016	7/27/2016 Unaudited		
	FY16 QTD	FY16 YTD	FY15 6/30/2015
<b>OPERATING REVENUES (Note 1)</b>			
Leases	\$ 17,358,166.07	\$ 47,093,716.65	\$ 59,427,250.30
Repair and Other Jobs	78,490.28	179,842.63	141,455.02
Other Revenues	213,614.16	687,376.11	913,653.38
Total Operating Revenues	<u>\$ 17,650,270.51</u>	<u>\$ 47,960,935.39</u>	<u>\$ 60,482,358.70</u>
<b>OPERATING EXPENSES (Note 1)</b>			
Salaries and Benefits	\$ 3,829,521.28	\$ 11,341,709.91	\$ 13,849,020.54
Net Pension Expense (Note 10)	-	-	(1,105,378.30)
Utilities - Electric	1,259,021.52	4,020,206.72	5,449,612.42
Utilities - Water	82,493.90	324,209.98	365,603.54
Utilities - District Heat	546,589.77	1,259,625.04	1,749,386.05
Utilities - District Cooling	111,948.23	774,233.46	986,701.82
Utilities - Gas for Heating	58,727.55	91,074.28	312,602.28
Utilities - Other	99,514.65	143,172.77	140,592.58
Repairs and Maintenance	549,632.94	3,009,396.75	3,009,071.97
Maintenance and Leasehold	1,857,754.49	3,746,667.88	5,118,101.87
Professional and Technical Services	115,502.88	430,535.68	802,495.02
Centralized IT Services (Note 1)	116,848.82	534,848.40	-
Vehicle Leases (Note 1)	38,884.47	116,555.40	-
Supplies and Materials	468,017.97	1,537,729.63	1,698,674.24
Purchased Services	108,608.51	384,810.42	616,756.48
Administrative and Trustee Fees (Note 1)	-	-	79,687.38
Insurance	116,485.00	66,971.50	380,682.00
Indirect Costs	209,727.03	616,681.32	1,060,508.84
Depreciation - Building Improvements	107,163.02	305,538.14	361,797.02
Depreciation - Infrastructure	4,641.14	13,923.42	18,564.55
Depreciation - Equipment	25,483.96	66,758.40	71,467.93
Amortization	-	-	36,685.97
Other Expenses	146,169.70	362,621.31	1,072,903.25
Total Operating Expenses	<u>\$ 9,852,736.83</u>	<u>\$ 29,147,270.41</u>	<u>\$ 36,075,537.45</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 7,797,533.68</u>	<u>\$ 18,813,664.98</u>	<u>\$ 24,406,821.25</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain (Loss) on Disposal of Capital Assets	-	11,794.50	24,497.00
Total Nonoperating Revenues (Expenses)	<u>\$ -</u>	<u>\$ 11,794.50</u>	<u>\$ 24,497.00</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<u>\$ 7,797,533.68</u>	<u>\$ 18,825,459.48</u>	<u>\$ 24,431,318.25</u>
<b>TRANSFERS AND CONTRIBUTIONS</b>			
Capital Contributions (Note 2)	-	-	-
Building Bond Interest Transfer Out (Note 12)	(1,098,971.25)	(3,296,913.75)	(4,564,772.00)
Building Depreciation Transfer Out (Note 12)	(2,461,217.75)	(7,383,653.25)	(10,272,532.00)
Debt Service Principal (Note 13)	(2,081,474.73)	(6,101,619.39)	(7,852,193.26)
Debt Service Interest (Note 13)	(1,099,083.51)	(3,447,566.43)	(4,907,579.30)
Building Replacement Fund Transfer Out (Note 14)	(149,432.31)	(448,129.37)	(595,558.00)
Total Transfers and Contributions	<u>\$ (6,890,179.55)</u>	<u>\$ (20,677,882.19)</u>	<u>\$ (28,192,634.56)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 907,354.13</u>	<u>\$ (1,852,422.71)</u>	<u>\$ (3,761,316.31)</u>
<b>NET POSITION, BEGINNING</b>	<u>\$ 3,396,685.29</u>	<u>\$ 6,498,992.99</u>	<u>\$ 28,069,695.23</u>
Adjustment to Net Position (Note 15)	(13,164.10)	(355,694.96)	(556,495.21)
Change in Accounting Principle (Note 10)	-	-	(17,252,890.72)
<b>NET POSITION, ENDING (Note 16)</b>	<u>\$ 4,290,875.32</u>	<u>\$ 4,290,875.32</u>	<u>\$ 6,498,992.99</u>

# Statement of Cash Flows

STATE OF MINNESOTA PLANT MANAGEMENT FUND 5400 STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED MARCH 31, 2016	7/27/2016 Unaudited
	YTD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 42,557,660.95
Receipts from Other Revenues	712,342.49
Payments to Claimants	(2,114.56)
Payments to Suppliers for Goods and Services	(18,020,702.82)
Payments to Employees	(10,975,027.48)
<b>Net Cash Flows from Operating Activities</b>	<u>\$ 14,272,158.58</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating Transfers In (Out) Building Bond Interest	\$ (3,296,913.75)
Operating Transfers In (Out) Building Depreciation	(7,383,653.25)
Debt Service Principal	(6,101,619.39)
Debt Service Interest	(3,447,566.43)
Operating Transfers In (Out) Building Replacement Fund	(448,129.37)
Rent Rebate Payments	-
<b>Net Cash Flows from Noncapital Financing Activities</b>	<u>\$ (20,677,882.19)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Investment in Capital Assets	\$ (1,955,835.54)
Proceeds from Disposal of Capital Assets	5,768.50
Repayment of Loan Principal	(41,800.00)
Capital Contributions	-
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<u>\$ (1,991,867.04)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Earnings	\$ -
<b>Net Cash Flows from Investing Activities</b>	<u>\$ -</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ (8,397,590.65)
Cash and Cash Equivalents, Beginning, as Reported	13,345,952.37
Cash and Cash Equivalents, Ending	<u>\$ 4,948,361.72</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities</b>	
Operating Income (Loss)	\$ 18,813,664.98
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:</b>	
Depreciation	\$ 386,219.96
Amortization	-
(Increase) Decrease in Accounts Receivable	(4,657,105.85)
(Increase) Decrease in Due from Other Funds	(48,183.49)
(Increase) Decrease in Inventory	57,376.77
(Increase) Decrease in Prepaid Insurance & Expenses	(243,261.54)
(Increase) Decrease in Deferred Pension Outflows	-
Increase (Decrease) in Accounts Payable	(570,531.48)
Increase (Decrease) in Salaries and Benefits Payable	413,249.51
Increase (Decrease) in Unearned Revenue	(13,166.67)
Increase (Decrease) in Due To Other Funds	23,214.75
Increase (Decrease) in Compensated Absences	39,115.17
Increase (Decrease) in OPEB Obligation	-
Increase (Decrease) in Other Current Liabilities	71,566.47
Increase (Decrease) in Net Pension Liability	-
Increase (Decrease) in Deferred Pension Inflows	-
<b>Net Reconciling Items to be Added to (Deducted from) Operating Income</b>	<u>\$ (4,541,506.40)</u>
<b>Net Cash Flows from Operating Activities</b>	<u>\$ 14,272,158.58</u>
<b>Noncash Investing, Capital and Financing Activities</b>	
Accrual of Building Improvements as an Investment in Capital Assets	\$ -

# Budget to Actual Comparison

STATE OF MINNESOTA PLANT MANAGEMENT FUND 5400 STATEMENT OF BUDGET TO ACTUAL COMPARISON FOR THE QUARTER ENDED MARCH 31, 2016							7/27/2016 Unaudited
	BUDGET GTD	BUDGET YTD	ACTUAL GTD	ACTUAL YTD	VARIANCE GTD	VARIANCE YTD	
<b>OPERATING REVENUES</b>							
Leases	\$ 14,892,235.00	\$ 44,676,705.00	\$ 17,358,166.07	\$ 47,093,716.65	\$ 2,465,931.07	\$ 2,417,011.65	
Repair and Other Jobs	44,899.50	134,898.50	78,490.28	179,842.63	33,590.78	45,144.13	
Other Revenues	261,760.00	785,340.00	215,614.16	687,376.11	(48,165.84)	(67,963.89)	
Total Operating Revenues	\$ 15,198,914.50	\$ 45,596,943.50	\$ 17,650,270.51	\$ 47,960,935.39	\$ 2,451,356.01	\$ 2,384,191.89	
<b>OPERATING EXPENSES</b>							
Salaries and Benefits	\$ 3,870,694.00	\$ 11,612,082.00	\$ 3,829,521.28	\$ 11,341,709.91	\$ 41,172.72	\$ 270,372.09	
Net Pension Expense	-	-	-	-	-	-	
Utilities - Electric	1,716,760.75	5,150,282.25	1,259,021.52	4,020,206.72	457,739.23	1,130,075.53	
Utilities - Water	117,540.75	352,622.25	82,493.90	324,209.98	35,046.85	28,412.27	
Utilities - District Heat	452,254.75	1,356,764.25	546,589.77	1,259,625.04	(94,335.02)	97,139.21	
Utilities - District Cooling	276,136.00	828,408.00	111,948.23	774,233.46	164,167.77	54,174.54	
Utilities - Gas for Heating	85,042.25	255,126.75	58,727.55	91,074.28	26,314.70	164,052.47	
Utilities - Other	42,360.00	127,080.00	99,514.65	143,172.77	(57,154.85)	(16,092.77)	
Repairs and Maintenance	424,969.50	1,274,968.50	549,632.94	3,009,396.75	(1,246,434.44)	(1,734,428.25)	
Maintenance and Leasehold	575,000.00	1,725,000.00	1,857,754.49	3,746,067.88	(1,282,754.49)	(2,021,667.88)	
Professional and Technical Services	110,315.50	330,946.50	115,502.88	430,535.68	(5,187.38)	(69,589.18)	
Centralized IT Services	186,516.50	559,549.50	116,848.82	534,848.40	69,667.68	24,701.10	
Vehicle Leases	102,626.00	307,878.00	38,884.47	116,555.40	63,741.53	191,322.60	
Supplies and Materials	417,392.00	1,252,176.00	468,017.97	1,537,729.63	(50,625.97)	(285,553.63)	
Purchased Services	181,387.00	544,181.00	108,608.51	384,810.42	72,778.49	159,350.58	
Insurance	111,754.00	335,262.00	116,485.00	66,971.50	(4,731.00)	268,290.50	
Indirect Costs	252,375.00	757,125.00	209,727.03	616,681.32	42,647.97	140,443.68	
Depreciation - Building Improvements	120,171.72	360,515.17	107,163.02	305,538.14	13,008.70	54,977.03	
Depreciation - Infrastructure	9,056.78	27,170.33	4,641.14	13,923.42	4,415.64	13,246.91	
Depreciation - Equipment	21,835.25	65,505.75	25,483.96	66,758.40	(3,648.71)	(1,252.65)	
Other Expenses	81,962.75	245,888.25	146,169.70	362,621.31	(84,206.95)	(116,733.06)	
Total Operating Expenses	\$ 9,156,170.50	\$ 27,468,511.50	\$ 9,652,736.63	\$ 29,147,270.41	\$ (696,566.33)	\$ (1,676,758.91)	
<b>OPERATING INCOME (LOSS)</b>	\$ 6,042,744.00	\$ 18,128,232.00	\$ 7,797,533.88	\$ 18,813,664.98	\$ 1,754,789.68	\$ 685,432.98	
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Gain (Loss) on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ 11,794.50	\$ -	\$ 11,794.50	
Total Nonoperating Revenues (Expenses)	\$ -	\$ -	\$ -	\$ 11,794.50	\$ -	\$ 11,794.50	
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	\$ 6,042,744.00	\$ 18,128,232.00	\$ 7,797,533.88	\$ 18,825,459.48	\$ 1,754,789.68	\$ 697,227.48	
<b>TRANSFERS AND CONTRIBUTIONS</b>							
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Building Bond Interest Transfer Out	(1,098,971.25)	(3,296,913.75)	(1,098,971.25)	(3,296,913.75)	-	-	
Building Depreciation Transfer Out	(2,461,217.75)	(7,383,653.25)	(2,461,217.75)	(7,383,653.25)	-	-	
Debt Service Principal Transfer Out	(2,045,773.50)	(6,137,320.50)	(2,081,474.73)	(6,101,619.39)	(35,701.23)	35,701.11	
Debt Service Interest Transfer Out	(1,136,662.50)	(3,409,987.50)	(1,099,063.51)	(3,447,566.43)	37,578.99	(37,578.93)	
Building Replacement Fund Transfer Out	(149,264.75)	(447,794.25)	(149,432.31)	(448,129.37)	(167.56)	(335.12)	
Total Transfers and Contributions	\$ (6,891,869.75)	\$ (20,675,669.25)	\$ (6,890,179.55)	\$ (20,677,662.19)	\$ 1,710.20	\$ (2,212.94)	
<b>CHANGE IN NET POSITION</b>	\$ (849,145.75)	\$ (2,547,437.25)	\$ 907,354.13	\$ (1,852,422.71)	\$ 1,756,499.88	\$ 695,014.54	

# Footnotes to Financial Statements

STATE OF MINNESOTA  
 PLANT MANAGEMENT FUND 5400  
 FOOTNOTES TO FINANCIAL STATEMENTS  
 FOR THE QUARTER ENDED MARCH 31, 2016

7/27/2016  
 Unaudited

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

### Basis of Presentation:

The accompanying financial statements of the Plant Management Division (PMD) have been prepared to conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

### Reporting Entity:

On July 1, 2011, the state implemented the Statewide Integrated Financial Tools (SWIFT). The amounts presented in the financial statements are based upon information available in SWIFT. The capital asset amounts are based upon historical records along with acquisitions and dispositions in FY16.

The Leases activity is supported by various public and private entity rent payments for office, production, and storage space. Revenue is recognized monthly in accordance with lease agreements. Repair and Other Jobs (ROJ) revenues are recognized when earned. No allowance is made for doubtful accounts. Other revenue consists primarily of the sale of electrical power usage above and beyond the scope of the lease agreements. Expenses are based on data received from SWIFT and the accrual of products/services for which payment has not been made. PMD maintains an inventory of supplies for cleaning and maintenance work. Inventory valuations are provided by PMD and maintained on a perpetual basis.

The Resource Recovery Program ceased operations on September 3, 2010. Materials Transfer ceased operations on October 31, 2011.

### Basis of Accounting:

PMD is an internal service fund accounted for using the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized as incurred.

Capital assets, which include land, land improvements, buildings, building improvements, construction and development in progress, infrastructure, equipment, software, internally generated computer software (IGCS), and art and historical treasures, are reported in the financial statements. Capital assets are generally defined as assets with an initial, individual cost of more than \$300,000 for buildings and infrastructure, \$5,000 or more for equipment and art and historical treasures, and \$30,000 or more for software and IGCS. Land, land improvements, and building improvements are reported regardless of cost. Capital assets must also have an estimated useful life of at least three years. Capital assets are recorded at cost or, for donated assets, at fair market value at the date of acquisition.

Capital assets are depreciated using the straight-line method with no salvage value based on the following useful lives: 17-30 years for building improvements and infrastructure; 5 years for office equipment; 4 years for information technology (IT) equipment; 6 years for new vehicles; 4 years for used vehicles and related accessories; and 10 years for electric vehicles and other equipment.

### Changes in Classification:

Administrative and Trustee Fees expense is included in Purchased Services beginning FY16. It was reported separately in previous years. Centralized IT Services expense was included in Other Operating Expenses before FY16. Vehicle Leases expense was included in Other Operating Expenses before FY16.

## 2. LEGISLATION, AUTHORITY, AND CONTRIBUTIONS

PMD derives its operating authority from M.S. 16B.48.

Legislation	Amount	Description
YR 79 Chp 333, Sec 56, Subd 1(a)	\$ 37,000.00	Restricted contribution from the General Fund for Central Maintenance, 1979
YR 79 Chp 333, Sec 56, Subd 1(a)	46,000.00	Restricted contribution from the General Fund for Materials Transfer, 1979
YR 85 Chp 13, Sec 17	1,250,000.00	Contribution from the General Fund
YR 85 Chp 13, Sec 17	(146,750.00)	Transferred to Public Safety, Capitol Security Division, March 31, 1986
	(141,400.00)	Unallotment process due to budget restrictions, May 1986
	146,750.00	Capitol Security returned funds to operations, July 1987
YR 89 Chp 335, Art 1, Sec 15	(792,000.00)	Transferred to Print Communications Division, July 1, 1989
	(153,486.00)	Returned to General Fund due to FY03 budget reduction
YR 12 Chp 292, Art 4, Sec 16 Subd 1	(80,000.00)	Returned to the General Fund for the proceeds from sales of assets and other
FY13 State Employee Group Insurance Plan Reduction	(16,900.00)	Returned to General Fund, August 2012
Total General Fund Contributions	\$ 149,214.00	
	14,333.00	Materials Transfer established in FY82 as internal service fund; all assets considered a general fund contribution at book value
	10,717.00	Capital asset donation from Ford Motor Company, January 1986
	239,712.78	Capital equipment, 1986
	62,429.90	Capital asset contribution from Resource Recovery, September 30, 2010
Total Contributed Capital	\$ 476,406.68	

## 3. DUE FROM OTHER FUNDS

Per the interagency agreement between Department of Administration (Admin) and Information Technology for Minnesota Government (MNIT) on April 5, 2011, MNIT agrees to reimburse Admin for the actual cost of supplies, maintenance, and repairs of the existing 1,250kW generator at the Andersen Building in consideration of the dedication of and right to use of the generator. Upon execution of the agreement and receipt of invoice from

Admin, MNIT made an initial payment in the amount of \$262,500 to Admin, followed by 16 quarterly payments until the remaining balance of \$221,260 was received. The total cost of the project is \$483,760. Admin processed all the billings and the last payment was received in FY16 3rd Qtr.

FY16 - As of 3/31/2016, the total Due from Other Funds is \$76,250.35  
 \$70,618.75 is due from Parking Fund 2000 for Parking expenses paid by Leases.  
 \$5,631.60 is due from Facility Repair and Replacement (FR&R) Fund 2001 for FR&R expenses paid by Leases.

FY15 - As of 6/30/2015, the total Due from Other Funds is \$28,066.86.  
 \$27,657.50 is due from MNIT per the interagency agreement.  
 \$409.36 is due from Parking Fund 2000 for receipts deposited to Parking Fund.

**4. CAPITAL ASSETS**

	Balance 7/1/2015	Additions	Deletions	Balance 3/31/2016
Building Improvements	\$ 10,856,580.64	\$ 1,500,464.42	\$ -	\$ 12,357,045.06
Infrastructure	566,936.64	-	-	566,936.64
Equipment	1,239,202.16	334,119.93	(49,050.00)	1,524,272.09
Software	355,891.12	-	-	355,891.12
Construction In Progress	365,612.00	914,219.44	(759,833.43)	519,998.01
Art and Historical Treasures	260,866.50	13,725.00	-	274,591.50
<b>Total Capital Assets</b>	<b>\$ 13,635,089.06</b>	<b>\$ 2,762,528.79</b>	<b>\$ (808,863.43)</b>	<b>\$ 15,588,734.42</b>

Accumulated Depreciation/Amortization for:

Building Improvements	\$ (4,671,593.23)	\$ (306,538.14)	\$ -	\$ (4,977,131.37)
Infrastructure	(69,557.11)	(13,923.42)	-	(83,480.53)
Equipment	(916,959.71)	(74,847.07)	49,050.00	(942,756.78)
Software	(355,891.12)	-	-	(355,891.12)
<b>Total Accumulated Depr/Amort</b>	<b>\$ (6,014,001.17)</b>	<b>\$ (394,308.63)</b>	<b>\$ 49,050.00</b>	<b>\$ (6,359,259.80)</b>

**5. RENT REBATE PAYABLE**

FY16 - \$2,333,596.00 represents rebates given to tenants in buildings in which retained earnings balance is being reduced.

FY15 - \$2,333,596.00 represents rebates given to tenants in buildings in which retained earnings balance is being reduced.

**6. RETAINAGE PAYABLE**

FY16 - As of 3/31/2016, the total retainage payable is \$324,952.58. Of this amount, \$91,922.68 is for Leases operating expenses; \$201,161.50 is for Leases Maintenance and Leasehold expenses; and \$31,868.40 is for Capital Asset - Building Improvement. The retainage of these projects is 5% of the value of completed work to date.

FY15 - As of 6/30/2015, the total retainage payable is \$280,766.36. Of this amount, \$125,757.73 is for Leases operating expenses; \$95,759.98 is for Leases Maintenance and Leasehold expenses; and \$59,248.65 is for Capital Asset - Building Improvement. The retainage of these projects is 5% of the value of completed work to date.

**7. LOANS PAYABLE TO COMMERCE**

PMD upgraded lighting utilizing stimulus funds (American Recovery and Reinvestment Act Funds) through a loan from the Department of Commerce. The \$360,000 loan is paid off through semi-annual payments to Commerce over the term of the loan. The following is a schedule by fiscal year of future repayments of the loan as of March 31, 2016.

FY16	\$ 41,800.00
FY17	25,600.00
	<u>\$ 67,400.00</u>

**8. COMPENSATED ABSENCES**

State employees accrue vacation leave, sick leave, and compensatory leave at various rates within limits specified in the collective bargaining agreements. Leave balances are liquidated upon separation from state employment. The balance is shown as a liability.

	Current	Noncurrent
Beginning Balance 7/1/2015	\$ 213,701.14	\$ 1,350,905.54
Increase	5,342.53	33,772.64
Decrease	-	-
<b>Ending Balance 3/31/2016</b>	<b>\$ 219,043.67</b>	<b>\$ 1,384,678.18</b>

**9. NET OPEB OBLIGATION**

During FY08, the State of Minnesota implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the state to measure and report Other Postemployment Benefits (OPEB) expenses and related liabilities.

Beginning Balance 7/1/2015	\$ 253,871.51
Increase	-
Decrease	-
<b>Ending Balance 3/31/2016</b>	<b>\$ 253,871.51</b>

#### 10. NET PENSION LIABILITY

Effective FY15 GASB established new accounting and financial reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligation for pension benefits as a net pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position – accrued liability less the market value of assets.

The increase(decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes and investment experience.

The FY15 net pension liability was measured on June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. PMD Fund 5400's proportion of the net pension liability was based on PMD Fund's contributions received by Minnesota State Retirement System (MSRS) during the measurement period July 1, 2013 through June 30, 2014, relative to the total employer contributions received from all of MSRS's participating employers.

As of June 30, 2015, the total of Change In Accounting Principle is (\$17,252,890.72), which is the difference between the Deferred Pension Outflows and the Net Pension Liability.

	Deferred Outflows	Net Pension Liability	Deferred Inflows
Beginning Balance 7/1/2015	\$ 793,718.91	\$ 7,180,019.82	\$ 9,113,690.98
Change in Accounting Principle	-	-	-
Increase	-	-	-
Decrease	-	-	-
Ending Balance 3/31/2016	\$ 793,718.91	\$ 7,180,019.82	\$ 9,113,690.98

#### 11. DUE TO OTHER FUNDS

FY16 - As of 3/31/2016, the total Due to Other Funds balance is \$32,710.50.  
\$21,780.00 is due to FR&R Fund 2001 for Leases expenses paid by FR&R.  
\$7,940.50 is due to Parking Fund 2000 for Leases expenses paid by Parking.  
\$2,990.00 is due to Parking Fund 2000 for the proceed of sale of Parking capital asset deposited to Leases.

FY15 - As of 6/30/2015, the total Due to Other Funds balance is \$12,531.75.  
\$6,505.75 is due to Parking Fund 2000 for Parking receipts deposited to Leases.  
\$6,026.00 is due to Parking Fund 2000 for the proceed of sale of Parking capital asset deposited to Leases.

#### 12. BUILDING BOND INTEREST AND BUILDING DEPRECIATION

PMD does not own the state buildings from which lease revenue is collected. However, the lease rates include depreciation and bond interest on these buildings. The money collected for building depreciation and bond interest is transferred to the general, special revenue, and trunk highway funds.

#### 13. DEBT SERVICE

In December 2005, the State of Minnesota began a 22 year basic lease purchase agreement for the lease/purchase of the Andersen and Freeman buildings. PMD, representing Admin as lessee, collects the lease revenues for the debt service bond principal and interest payments. PMD made the first principal and interest payment during the second quarter of FY06. The lease commenced December 1, 2005. The bonds were refinanced in May 2013 and the terms of the contract will be fulfilled December 1, 2025, when the final bond principal and interest payments are made. At that time, the State of Minnesota may elect to purchase the buildings for a sum of \$1.00 per building.

#### 14. BUILDING REPLACEMENT FUND

Beginning in the 1st quarter of FY08, per M.S.16B.24 Subd 5E, PMD made transfers of appropriation to two special revenue funds. These funds were established to provide for future repair and replacement to the Andersen and Freeman buildings. These transfers will continue quarterly on an on-going basis until the state acquires title to these buildings and the accounts are subsequently abolished with the remaining funds transferred to the FR&R Fund.

#### 15. ADJUSTMENTS TO NET POSITION

In FY16, the total prior period adjustments are (\$355,694.96). These adjustments include:  
\$179.90 is due to the understatement of Cash caused by deposit errors of \$208.15 in Leases, \$231.00 in Materials Transfer, and (\$259.25) in ROJ.  
(\$1,525.12) is due to the overstatement of Accounts Receivable - Leases.  
(\$91.50) is due to the overstatement of Accounts Receivable - Materials Transfer.  
(\$773.93) is due to the overstatement of Accounts Receivable - Other.  
\$2,472.93 is due to the understatement of Revenue - Leases.  
(\$121.00) is due to the overstatement of Revenue - ROJ.  
\$68,151.40 is due to the understatement of Capital Asset - Building Improvement.  
\$8,088.67 is due to the understatement of Capital Asset - Equipment.  
(\$8,088.67) is due to the understatement of Accumulative Depreciation - Equipment.  
(\$2,990.00) is due to the overstatement of Gain on Sales of Capital Assets.  
(\$57,612.87) is due to the understatement of Supplies and Materials Expenses - Leases.  
(\$89,321.79) is due to the understatement of Repairs and Maintenance Expense - Leases.  
(\$170,572.67) is due to the understatement of Other Expenses (Centralized IT Services) - Leases.  
(\$24,484.25) is due to the understatement of Professional and Technical Services Expense - Leases.  
(\$16,566.68) is due to the understatement of Purchased Services Expense - Leases.  
(\$47,881.88) is due to the understatement of Maintenance and Leasehold Expense - Leases.  
(\$1,996.80) is due to the understatement of Utilities - Electric Expense - Leases.

(\$8,838.70) is due to the understatement of Other Expenses (Rent-Equipment) - Leases.  
 (\$1,722.00) is due to the understatement of Repairs and Maintenance Expense - ROJ.

In FY15, the total prior period adjustments are (\$556,495.21). These adjustments include:  
 (\$1,566.67) is due to the overstatement of Other Revenue.  
 (\$9,078.20) is due to the overstatement of Revenue - Leases.  
 \$245.00 is due to the understatement of Revenue - Materials Transfer.  
 \$3,024.15 is due to the understatement of Revenue - ROJ.  
 (\$277,665.66) is due to the overstatement of Capital Assets and the understatement of expenditures.  
 (\$2,264.52) is due to the understatement of Depreciation Expense.  
 (\$18.00) is due to the understatement of Salaries and Benefits Expense - Leases.  
 (\$21,526.54) is due to the understatement of Repairs and Maintenance Expense - Leases.  
 (\$5,223.03) is due to the understatement of Supplies and Materials Expense - Leases.  
 (\$320.00) is due to the understatement of Professional and Technical Services Expense - Leases.  
 (\$10,669.75) is due to the understatement of Purchased Services Expense - Leases.  
 (\$2,282.60) is due to the understatement of Utilities - Electric Expense - Leases.  
 (\$68,502.34) is due to the understatement of Maintenance and Leasehold Expense - Leases.  
 (\$129,044.70) is due to the understatement of Other Operating Expenses - Leases.  
 (\$30,937.83) is due to the understatement of Accounts Payable - Leases.  
 (\$664.52) is due to the understatement of Repairs and Maintenance Expense - ROJ.

**16. NET POSITION**

The State of Minnesota implemented new accounting standards as prescribed by GASB. During FY02, the standards included revised statement formats which resulted in the change from Retained Earnings to Net Asset reporting. During FY13, the Net Assets was renamed to Net Position; and the Invested in Capital Assets, Net of Related Debt was renamed to Net Investment in Capital Assets. For historical cost comparison, the total net position and the retained earnings have been reconciled as shown below.

Net Investment in Capital Assets	\$ 9,229,474.62
Unrestricted Net Position	<u>(4,938,599.30)</u>
Total Net Position	<u>\$ 4,290,875.32</u>

**Schedule of Retained Earnings**

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Beginning Retained Earnings	\$ 6,022,586.31	\$ 4,998,505.34	\$ 2,920,278.61	
Net Income (Loss)	(684,661.11)	(2,075,115.73)	907,354.13	
Adjustments to Net Position (Note 15)	(339,419.86)	(3,111.00)	(13,164.10)	
Change in Accounting Principle (Note 10)	-	-	-	
Ending Retained Earnings	<u>\$ 4,998,505.34</u>	<u>\$ 2,920,278.61</u>	<u>\$ 3,814,468.64</u>	
Add: Capital Contributions (Note 2)	\$ 476,406.68	\$ 476,406.68	\$ 476,406.68	
Reconciliation to Net Position	<u>\$ 5,474,912.02</u>	<u>\$ 3,396,685.29</u>	<u>\$ 4,290,875.32</u>	

# Statement of Revenues, Expenses and Changes in Retained Earnings by Cost Center

STATE OF MINNESOTA  
 PLANT MANAGEMENT FUND 5400  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS BY COST CENTER  
 FOR THE QUARTER ENDED MARCH 31, 2016

7/27/2016  
 Unaudited

	Fund Total	Leases	Materials Transfer	Resource Recovery	Repair and Other Jobs
<b>OPERATING REVENUES</b>					
Leases	\$ 47,093,716.65	\$ 47,093,716.65	\$ -	\$ -	\$ -
Repair and Other Jobs	179,842.63	-	-	-	179,842.63
Other Revenues	687,376.11	687,376.11	-	-	-
Total Operating Revenues	\$ 47,960,935.39	\$ 47,781,092.76	\$ -	\$ -	\$ 179,842.63
<b>OPERATING EXPENSES</b>					
Salaries and Benefits	\$ 11,341,709.91	\$ 11,222,468.72	\$ -	\$ -	\$ 119,241.19
Net Pension Expense	-	-	-	-	-
Utilities - Electric	4,020,206.72	4,020,206.72	-	-	-
Utilities - Water	324,209.98	324,209.98	-	-	-
Utilities - District Heat	1,259,625.04	1,259,625.04	-	-	-
Utilities - District Cooling	774,233.46	774,233.46	-	-	-
Utilities - Gas for Heating	91,074.28	91,074.28	-	-	-
Utilities - Other	143,172.77	143,172.77	-	-	-
Repairs and Maintenance	3,009,396.75	3,004,021.94	-	-	5,374.81
Maintenance and Leaseholds	3,746,667.88	3,746,667.88	-	-	-
Professional and Technical Services	430,535.68	430,535.68	-	-	-
Centralized IT Services	534,848.40	534,848.40	-	-	-
Vehicle Leases	118,555.40	118,555.40	-	-	-
Supplies and Materials	1,537,729.63	1,518,039.17	-	-	19,690.46
Purchased Services	384,810.42	384,800.42	-	-	210.00
Insurance	66,971.50	66,971.50	-	-	-
Indirect Costs	616,681.32	595,299.57	-	-	21,381.75
Depreciation - Building Improvements	305,538.14	305,538.14	-	-	-
Depreciation - Infrastructure	13,923.42	13,923.42	-	-	-
Depreciation - Equipment	66,758.40	66,758.40	-	-	-
Other Expenses	362,621.31	362,621.31	-	-	-
Total Operating Expenses	\$ 29,147,270.41	\$ 28,981,372.20	\$ -	\$ -	\$ 165,898.21
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 18,813,664.98</b>	<b>\$ 18,799,720.56</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,944.42</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gain (Loss) on Disposal of Capital Assets	\$ 11,794.50	\$ 11,794.50	\$ -	\$ -	\$ -
Total Nonoperating Revenues (Expenses)	\$ 11,794.50	\$ 11,794.50	\$ -	\$ -	\$ -
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>\$ 18,825,459.48</b>	<b>\$ 18,811,515.06</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,944.42</b>
<b>TRANSFERS AND CONTRIBUTIONS</b>					
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Building Bond Interest Transfer Out	(3,296,913.75)	(3,296,913.75)	-	-	-
Building Depreciation Transfer Out	(7,383,653.25)	(7,383,653.25)	-	-	-
Debt Service Principal Transfer Out	(6,101,819.39)	(6,101,819.39)	-	-	-
Debt Service Interest Transfer Out	(3,447,566.43)	(3,447,566.43)	-	-	-
Building Replacement Fund Transfer Out	(448,129.37)	(448,129.37)	-	-	-
Total Transfers and Contributions	\$ (20,677,882.19)	\$ (20,677,882.19)	\$ -	\$ -	\$ -
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,852,422.71)</b>	<b>\$ (1,866,367.13)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,944.42</b>
Adjustments for Intrafund Transactions (see below)	\$ -	\$ (2,891.59)	\$ -	\$ -	\$ 2,891.59
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b>\$ (1,852,422.71)</b>	<b>\$ (1,869,258.72)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,836.01</b>
<b>RETAINED EARNINGS, BEGINNING</b>					
Adjustments to Net Position	\$ 6,022,586.31	\$ 5,990,124.37	\$ 74,390.62	\$ 7,719.05	\$ (49,647.73)
Change in Accounting Principle	(355,694.96)	(353,732.21)	139.50	-	(2,102.25)
<b>RETAINED EARNINGS, ENDING</b>	<b>\$ 3,814,468.64</b>	<b>\$ 3,767,133.44</b>	<b>\$ 74,530.12</b>	<b>\$ 7,719.05</b>	<b>\$ (34,913.97)</b>
To account for Intrafund transactions, sales and expenses have been reduced as listed below:					
Sales	\$ 447,787.72	\$ 444,896.13	\$ -	\$ -	\$ 2,891.59
Expenses	\$ 447,787.72	\$ 447,787.72	\$ -	\$ -	\$ -

## Supporting Information

### Organization Chart

Leases' budgeted FTE for FY 2018 and FY 2019 is 251.64 which is an increase of 7.25 FTE from the FY 2016 and FY 2017 FTE of 244.39. This change is mainly due to the 7 new positions described below. The remaining change is due to PMD staff charging time to other businesses based on actual time worked.

During the 2010 legislative session, Chapter 215 included language that required the Commissioner of Minnesota Management and Budget (MMB) to allocate a reduction of \$3 million to operating budgets of executive branch state agencies. As a result, PMD enacted lease rate reductions totaling \$1 million, effective Fiscal Year 2011. These savings were achieved by reducing 20 janitorial FTE.

Since implementation of the reduced staffing levels in July 2010, PMD has struggled to effectively maintain facilities. Daily cleaning work is being accomplished, but monthly and annual work is not consistently being completed, most notably in the areas of restroom cleaning and floor work. This has resulted in a visible decrease in cleanliness and an increase in customer complaints.

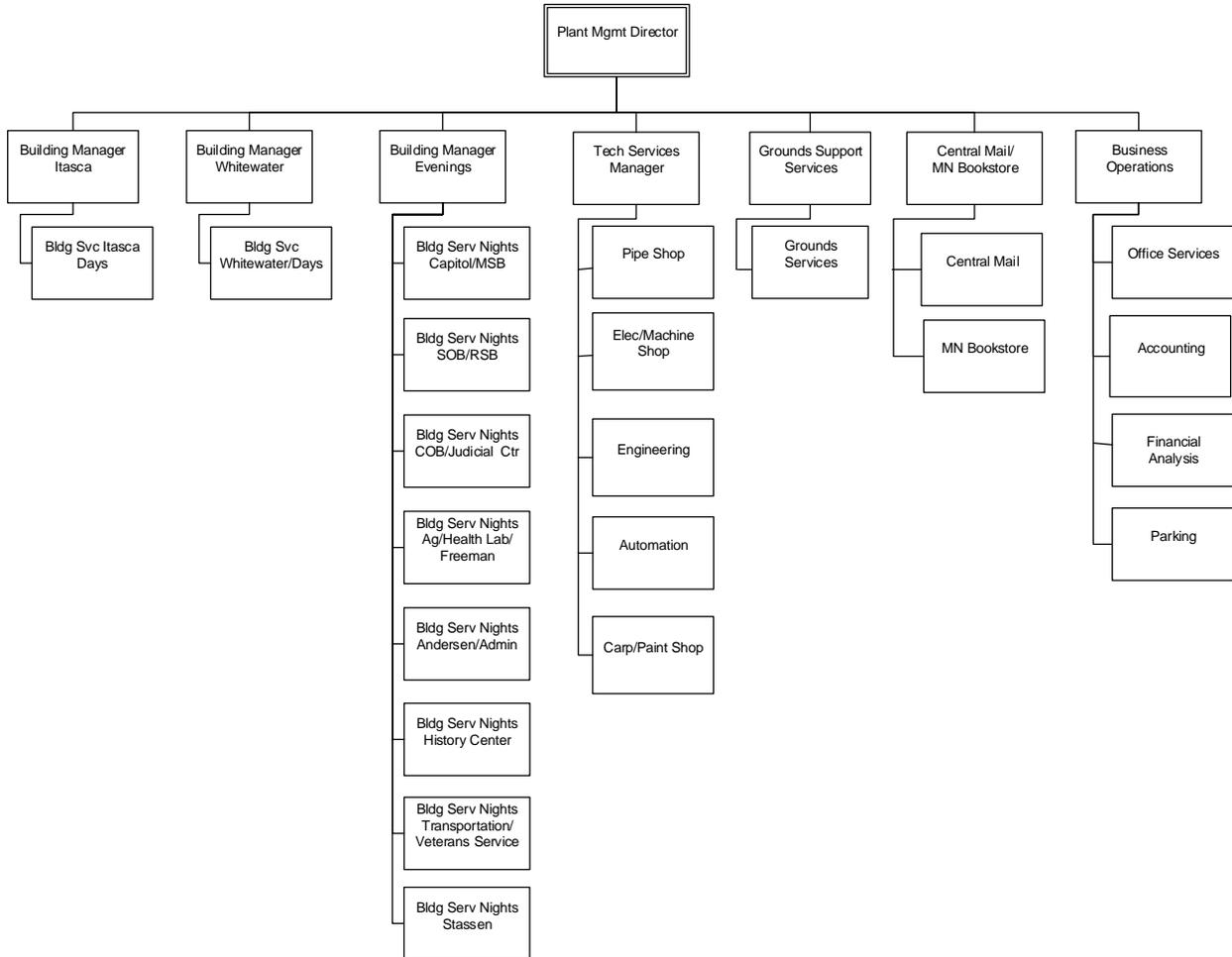
Last biennium, PMD requested approval to hire 13 additional General Maintenance Workers (GMW) and received approval to hire 9. These additional GMWs have allowed PMD to properly meet our cleaning obligations in the buildings for which additional staff were approved. At this time, we are requesting approval to hire the 4 remaining GMWs plus 1 additional GMW to help ensure all buildings under our custodial control are properly maintained. The additional GMWs will be assigned as follows:

- Andersen Building (2)
- Stassen Building (1)
- Transportation Building (2)

Other FTE changes since Leases' last rate package include the addition of 1 Plumber in FY 2018 and a PPL apprentice Building Operations Technician in FY 2017. The Plumber will work nights and weekends to maintain 24/7 coverage monitoring our buildings and systems which greatly reduces the risk of damages caused by outages in unattended buildings.

PMD's organizational chart is shown on the next page.

# PMD



# FY 2016/2017 Lease Exhibit B

## I. DUTIES OF LESSOR

- A. The Department of Administration, **Plant Management Division** (hereinafter referred to as LESSOR) shall be responsible for delivery of consistent, quality services to ensure clean, safe and environmentally sound buildings, grounds and operations by providing the following services:
1. **BUILDING MANAGEMENT SERVICES** LESSOR shall designate a Building Manager to manage the buildings and oversee construction/renovation projects, maintenance/repair, energy management, environmental, Indoor Air Quality, general office recycling collection services, and integrated pest management related to the building. The Building Manager shall be the contact person for all building-related work and concerns. LESSEE should contact 651.201.2300 or check website: [www.mn.gov/admin/government/buildings-grounds](http://www.mn.gov/admin/government/buildings-grounds) for more information.
    - a. **Construction, Remodeling and Renovation Work** LESSOR shall inform LESSEE in advance and in writing of construction, remodeling or renovation work.
    - b. **Carpet Replacement** LESSOR shall repair or replace worn or damaged carpet according to funding availability, age and condition of the carpet and/or other building priorities. Carpet deemed unsafe by LESSOR shall be repaired or replaced. The carpet is expected to have a minimum life cycle of twelve (12) years. The quality of carpet to be installed will be determined by LESSOR. Selection by LESSEE shall be made from LESSOR sample selections. If LESSEE desires carpet and LESSOR does not have funding available, LESSEE has the option of funding the purchase. LESSOR will contract, install and invoice LESSEE. Colors and quality selection must be approved in advance and in writing by LESSOR to ensure durability, maintainability and uniformity.
    - c. **Interior Decoration** LESSOR shall paint all interior walls showing wear or damage according to funding availability, age and condition of the paint and/or other building priorities. Painting is expected to have a minimum useful life of twelve (12) years under normal use. LESSOR financial obligation shall not exceed contract amount. Selection shall be made by LESSEE from LESSOR sample selections. If LESSEE desires a different type of wall treatment or a different quality of paint, LESSOR will contract and invoice LESSEE. LESSOR shall pay a portion at the State Contract rate for semi-gloss or eggshell paint. Colors and quality selection must be approved in writing by LESSOR to ensure durability, maintainability, design integrity, and uniformity.
    - d. **Window Treatments** LESSOR shall repair or replace building exterior envelope window treatments that are damaged or discolored according to funding availability, age and condition of the window treatments and/or other building priorities. Window treatments are expected to have a minimum useful life of twenty (20) years. The determination is to be made at the discretion of LESSOR. Exterior envelope window treatments will be selected from the State Contract. If LESSEE chooses to select a different exterior envelope window treatment that is not under State Contract, LESSEE shall pay the portion above the State Contract rate. If LESSEE desires a different type of window treatment and is willing to fund the difference, LESSOR will contract and invoice the LESSEE. Colors and quality selection must be approved in writing by LESSOR to ensure durability, maintainability and uniformity. Replacement of any interior window treatments will be the responsibility of LESSEE and any related costs shall be borne by LESSEE.
    - e. **Ceiling Tiles** LESSOR shall replace damaged or stained ceiling tiles. The determination whether to replace shall be made at the discretion of LESSOR.
    - f. **Leased Space** To make space suitable for new tenants, LESSOR shall provide the treatments and finishes outlined above dependent upon available funding. LESSOR shall also perform minor electrical and mechanical services for general office usage, determined at the discretion of LESSOR. LESSOR shall not fund accommodations or changes to leased space in order to meet specialized needs of LESSEE, such as ADA accommodations.

The above terms and conditions in items a-f apply only when specific funds have not been appropriated for this purpose.

- g. **Mechanical/Operating Systems and Equipment Repair/Replacement Services** LESSOR shall provide engineering, preventative maintenance, repair and/or replacement services on mechanical/operating systems and equipment within the building that are LESSOR-owned

### EXHIBIT B

and under LESSOR'S custodial control.

- h. Grounds Maintenance Services** LESSOR shall maintain all entrances, sidewalks and grounds on an as needed schedule to ensure safe entry and egress. This shall include exterior maintenance of turf, shrubs, trees and plants as well as cleaning and removal of debris. Every reasonable effort will be made to ensure snow and ice is cleared before and during normal building operating hours.
- i. Integrated Pest Management Services** LESSOR shall provide an integrated pest management program for control of rodents and insects within the building.
- j. Keys** All keys for space in state-owned buildings under the custodial control of LESSOR must be provided by LESSOR. LESSOR shall provide two (2) keys for each door with lock hardware within the Leased Premises. LESSEE is responsible for returning all keys issued for the Leased Premises upon termination of the Lease Agreement.
- k. Security Services** In cooperation with the Department of Public Safety/Capitol Security, LESSOR shall maintain building perimeter security devices including access control devices and cameras. In cooperation with the Department of Public Safety/Capitol Security, LESSOR shall maintain emergency call stations at exterior locations and in the tunnel systems.
- l. Signage** LESSOR shall provide for building directory signage located in the main building lobby and way finding in public corridors. The quantity and location of signage shall be at LESSOR'S discretion.
- m. Communication** LESSOR'S Building Manager or designee shall coordinate with LESSEE'S key contact person on any work scheduled in a building which could affect building operations. LESSOR shall provide written notice in advance of these events and LESSEE shall provide communication to tenants. Reasonable coordination efforts shall be made by LESSOR with LESSEE'S key contact person to prevent scheduling conflicts prior to posting bulletins and the commencement of work.
- n. Insurance** LESSOR insures the building structure only. Ensuring contents is at the discretion of LESSEE.
- o. Fire Detection, Alarm and Suppression Systems** LESSOR shall provide preventive maintenance, repair, replacement, testing and inspection of fire suppression systems in accordance with the local jurisdiction requirements. Specialized fire and alarm detection systems are the responsibility of the LESSEE.
- p. Use of Space** LESSOR shall lock and secure all LESSOR'S electrical closets, rooms and vaults, janitorial/maintenance closets and mechanical rooms.
- q. Solid Waste** LESSOR shall remove solid waste from buildings on a daily basis.

## 2. UTILITY SERVICES

- a. Heating** LESSOR shall provide the Leased Premises with heating facilities of a design capacity sufficient to maintain the Leased Premises within the acceptable range of temperature identified below, under all but the most extreme weather conditions, assuming optimal use by LESSEE of all thermostats and other climate control devices such as the opening or closing of blinds, doors and vents, within the Leased Premises. LESSOR may provide LESSEE with written instructions defining said optimal use. For purposes hereof, the acceptable ranges of temperature are as follows:

  - (i) From October 1 through April 30, minimum temperatures shall be maintained

    - (a) Between 68° F to 70° F for all occupied areas.
    - (b) Between 65° F to 67° F for all lobbies, corridors and restrooms.
    - (c) Between 60° F to 62° F for all building entrances and storage areas.
    - (d) Temperature settings for all of the above referenced spaces will be lowered to between 60° F and 62° F during non-working hours.
    - (e) At a maximum of 55° F for all unoccupied and all vacated spaces.

Exhibit B - Page 2 of 9

- (ii) LESSOR shall establish the area operating temperatures as follows:
    - (a) Working Hours-Between 7:00 a.m. and 5:00 p.m., Monday through Friday.
    - (b) Non-Working Hours-Between 5:00 p.m. and 7:00 a.m., Monday through Friday and from 5:00 p.m. Friday until 7:00 a.m. on Monday and all State observed holidays.
  - (iii) Unless established to the contrary through a pre-approved interagency agreement, heating systems are set to operate as defined above. Building heating systems are not intended to be used for heating areas with LESSEE-owned equipment or LESSEE needs for extended hours of operation. If LESSEE has LESSEE-owned equipment or LESSEE requires additional heating beyond the established hours of operation or for a normal "office" environment setting use, an interagency agreement shall be entered into with LESSOR and the cost for the additional hours of operation or specialized use shall be the responsibility of LESSEE. LESSEE will be billed by LESSOR for the extended hours of operation.
- b. Cooling** LESSOR shall provide the Leased Premises with cooling infrastructure of a design capacity sufficient to maintain the Leased Premises with adequate cooling supply based on normal office usage. If LESSEE has LESSEE-owned equipment or LESSEE requires additional air conditioning operation beyond the established hours of operation or beyond a normal 'office' environment setting use, LESSEE shall be billed by LESSOR on a fee-for-service basis based on chilled water and electrical usage for the extended hours of operation or specialized use.
- (i) From May 1 through September 30, maximum temperatures shall be maintained as follows:
    - (a) Between 76° F to 78° F for all occupied areas excluding reheat systems.
    - (b) Temperature settings for all of the above referenced spaces will be increased to 85° F during non-working hours.
    - (c) Computer rooms and research facility temperatures will be maintained in accordance with the operating requirements of the equipment/research procedures.
  - (ii) LESSOR shall establish the area operating temperatures as follows:
    - (a) Working Hours-Between 7:00 a.m. and 5:00 p.m., Monday through Friday.
    - (b) Non-Working Hours-Between 5:00 p.m. and 7:00 a.m., Monday through Friday and from 5:00 p.m. Friday until 7:00 a.m. on Monday and all State observed holidays.
  - (iii) Unless established to the contrary through a pre-approved interagency agreement, cooling systems are set to operate as defined above. Building cooling systems are not intended to be used for cooling areas with LESSEE-owned equipment or LESSEE needs for extended hours of operation. If LESSEE has LESSEE-owned equipment or LESSEE requires additional air conditioning operation beyond the established hours of operation or for a normal "office" environment setting use, an interagency agreement shall be entered into with LESSOR and the cost for the additional hours of operation or specialized use shall be the responsibility of LESSEE. LESSEE will be billed by LESSOR for the extended hours of operation.
- c. Water/Sewage** LESSOR shall provide the Leased Premises with adequate water and sewage facilities of a design capacity sufficient to serve the Leased Premises.
- d. Ventilation** LESSOR shall provide ventilation to the Leased Premises as outlined ASHRAE (American Society of Heating, Refrigeration and air Conditioning Engineers, Inc.) Standard 62.1-2013. All supply air shall be filtered in accordance with ASHRAE Standard 52.2- 2012 Atmospheric Dust Spot Efficiency Rating. Air filters will be replaced by the LESSOR as required by the application and the needs of the system. Unless established to the contrary through a pre-approved interagency agreement, air-handling systems will operate as required to maintain occupied space temperatures between 7:00 a.m. until 5:00 p.m., Monday through Friday, excluding State holidays.
- e. Electrical**
- (i) LESSOR shall provide the Leased Premises with electrical infrastructure of a design capacity sufficient to maintain the Leased Premises with adequate electrical supply based on normal office usage of the equipment configuration at the start of this lease at the discretion of LESSOR. LESSEE- owned equipment, purchased and installed by LESSEE, or purchased and installed on behalf of LESSEE through a major construction or

Exhibit B- Page 3 of 9

renovation project and/or LESSEE'S need for extended hours of operation which require specialized electrical operation, are considered special program needs and shall be the direct responsibility of LESSEE at LESSEE'S cost. All LESSEE equipment installation to be approved in accordance with the provisions of this lease with LESSOR to ensure proper installation of powered equipment. LESSEE shall be billed by LESSOR on a fee-for-service basis based on actual electrical usage for the extended hours of operation or specialized use.

- (ii) LESSOR shall provide electric power for LESSEE. Power quality is utility grade with no special filtering for harmonics or fluctuations. Power is imported from a utility and LESSOR cannot guarantee continuous availability. If LESSEE has a need for continuous, uninterruptible, or specific power quality needs, it shall be LESSEE'S responsibility to provide and maintain filtering or standby equipment as necessary. Installation of this equipment must be approved in advance and in writing by LESSOR.
- (iii) The LESSOR is required by code to perform scheduled preventive maintenance activities to ensure safe, reliable and efficient electrical service to a building. Routine power interruptions are required to perform this work and will be scheduled on a campus wide basis over the course of the calendar year. The frequency and length of interruptions will vary between buildings due to the size of the building and amount of equipment within the building. In coordination with the LESSEE, the LESSOR will schedule work during "off hours", nights and weekends in an effort to minimize disruption to LESSEE activities at the same time working within the limitations of available manpower and available equipment. In the event of an emergency situation of the LESSOR reserves the right to interrupt electrical services as required during normal business hours.
- (iv) For non-scheduled power outages, every effort shall be made by LESSOR to restore electrical power in cooperation with the respective utility companies as soon as reasonably possible.

### 3. **REDUCTION, REUSE, RECYCLING, AND SUSTAINABILITY**

- a. Pursuant to Minnesota Statutes, Section 16B.24, Subdivision 6 (d), LESSOR shall provide space for common area recycle containers.
- b. LESSOR shall provide general recycling services limited to the collection of common area recycling containers. LESSOR will transport LESSEE provided collection containers from the Leased Premises to a holding area. LESSOR shall return container to the common recycling areas in the Leased Premises.
- c. LESSOR is not responsible for confidential recycling.

### 4. **JANITORIAL SERVICES** The following janitorial services shall be provided by LESSOR:

#### a. **Office Cleaning**

- Daily: Empty trash receptacles; replace liners, as necessary.  
Vacuum carpeted main traffic aisles, moving furniture, as necessary. Return furniture to original position.  
Pick up litter in remainder of other carpeted areas.  
Spot clean carpeting.  
Spot clean partitions/door glass.
- Weekly: Vacuum all carpeted areas.  
Dust mop hard surface main traffic aisles.  
Dust exposed areas on desks/credenzas/work surfaces.  
Dust mop hard surface areas.  
Wet mop hard surface areas.  
Detail/dust areas below 6 feet.
- Monthly: Spot clean walls and doors.

Semi-Annual: Dust door frames.  
Dust accessible exterior window blinds, where applicable.  
Clean ceiling vents (under 12 feet).  
Clean-carpeted traffic aisles.

Annually: Clean carpet. May be extraction, tip cleaning or rotary shampooing.

As Needed: Empty recyclable materials from common area collection containers and coordinate material pick up.

NOTE: Detail dusting in an office setting shall be done only in accessible areas. LESSOR shall not move personal items and electronic equipment to clean or dust and shall trash only waste receptacles and items marked "trash."

**b. Lobby/Entrance Cleaning**

Daily: Empty/spot clean trash receptacles.  
Sweep hard surface floors.  
Wet mop hard surface floors.  
Clean walk off mats.  
Clean door glass; spot clean adjacent glass.  
Vacuum carpet.  
Clean entire interior and exterior of elevators.  
Sweep/vacuum/wet mop open stairways.  
Check/spot clean directories.

Weekly: Detail/dust areas below 6 feet.  
Spot clean plate glass windows.  
Clean and/or polish stairway handrails.  
Clean thresholds.  
Check/arrange and spot clean public area furniture.  
Clean kick plates, push plates, and door frames.  
Spot clean walls

As Needed: Scrub and coat hard surface floors.  
Strip, seal and finish hard surface floors.  
Buff/burnish accessible hard surface floors.  
Clean carpet.

**c. Hard Surface Floor Care – Common Areas**

Daily: Dust mop wall to wall.  
Spot mop spills/splashes.

Weekly: Wet mop/auto scrub floor surfaces.  
Buff/burnish floors.

As Needed: Heavy scrub and recoat floor finish.  
Strip, seal and finish hard surface floors.

**d. Hard Surface Floor Care – Work Areas**

Daily: Dust accessible areas.  
Wet mop other areas.

Weekly: Dust mop wall to wall.  
Wet mop/auto scrub wall to wall.  
Buff/burnish accessible floor areas.

As Needed: Heavy scrub and recoat floors.  
Strip, seal and finish.

**e. Restroom Cleaning**

Daily: Check, resupply stock.  
Clean mirrors.  
Clean stock dispenser.  
Empty trash, including sanitary disposal units; clean receptacles.  
Clean and sanitize toilets, urinals, sinks and countertops.  
Clean stainless steel and chrome.  
Spot clean doors, both sides.  
Spot clean walls with special emphasis around dispensers, sinks and urinals.  
Wet mop floor with sanitizing detergent.

Monthly: Machine scrub floors.  
Sanitize waste receptacles.

Semi Annually: Wall to wall deep clean cycling, including all walls, partitions, fixtures and floors.

**f. Shower room/stall cleaning**

Daily: Inspect, touchup and wipe down fixtures.  
Remove hair and other debris on finishes and fixtures.

Weekly: Power wash shower room walls and floors with disinfectant cleaner.  
Clean and disinfect all shower room fixtures.

**g. Miscellaneous Cleaning**

Daily: Sanitize drinking fountains.  
Spot check interior stairwells.  
Remove unapproved posters or outdated posters/bulletins.

Weekly: Dust hallway fixtures, i.e., pictures, fire extinguishers.

As Needed: Wet mop hard surface stairwell risers and landings.  
Clean ceiling light diffusers and exhaust fans in elevator cars.  
Clean janitorial closets.  
Dust stairwell railings.  
Vacuum upholstered furniture.

**B.** The Department of Administration, **Real Estate and Construction Services (RECS)** shall be responsible for:

1. Allocation and inventory of state-owned space under the custodial control of the Plant Management Division.
2. Preparation and processing of lease documents.

**II. DUTIES OF LESSEE**

**A. TRANSFERABILITY** LESSEE shall not assign nor in any manner transfer this Lease or any interest therein, nor sublet said Leased Premises or any parts thereof.

**B. DESIGNATED STAFF PERSON** LESSEE will designate at least 1 key contact person who shall be responsible for coordinating building related questions, concerns and general communications with LESSOR'S Building Manager. This will include but not be limited to building surveys, LESSOR initiated building postings, construction/renovation projects, recycling, reuse and sustainability issues, and to communicate with LESSOR on postings of work which may affect the building tenants or building operations. LESSEE will also designate at least 1 key contact person who shall be responsible and can be contacted after normal business hours in the event of an emergency.

**C. REDUCTION, REUSE, RECYCLING, AND SUSTAINABILITY**

1. LESSEE agrees to:
  - a. Ensure LESSEE'S employees, contractors and visitors recycle all recyclable materials as designated in accordance with Minn. Stat. §115A.15. Training and education for recycling is the responsibility of the LESSEE.
  - b. Ensure shipments of recyclables do not contain contaminating materials.
  - c. Use recycling containers and equipment only for designated recycling purposes.
  - d. Direct general waste and recycling questions to LESSOR'S Building Manager or designee.
  - e. Recycle confidential materials.
  - f. Transfer recycling materials from desk side containers to common area collection containers.
  - g. Provide a designated Champion for recycling communications and compliance.

**D. HAZARDOUS WASTE**

1. If LESSEE is a generator of hazardous waste as defined in the Minnesota Pollution Control Agency Hazardous Waste Rules, Chapters 7001, 7045 and 7046, and/or any local jurisdiction's hazardous waste management ordinance(s), it shall obtain a license to generate the hazardous waste and provide LESSOR with a copy of its license agreement no later than thirty (30) days after the execution of this Lease. LESSEE shall also provide LESSOR with a copy of its annual Hazardous Waste Report each year thereafter.
2. In the event LESSEE vacates Leased Premises, LESSEE shall have a closure inspection conducted by the local jurisdiction's public or environmental health unit and the results of such inspection shall be forwarded by LESSEE to LESSOR no later than thirty (30) days from the date LESSEE vacated the Leased Premises. Any hazardous waste violations or other issues identified in the closure inspection shall be remedied by LESSEE at LESSEE'S expense.

- E. ELECTRONIC DEVICES AND FURNITURE** LESSEE is responsible for LESSEE'S owned electronic equipment, appliances, and office furniture, recycling or disposal. Disposal of these items is at LESSEE'S expense. LESSEE shall report the cumulative weight of electronics that are recycled each calendar year to the LESSOR by the 15<sup>th</sup> of January the subsequent calendar year for which the recycling took place.

**F. WASTE PREVENTION, ENERGY CONSERVATION AND USE OF UTILITY SERVICES**

Heating, ventilation and air conditioning, electrical, water and sewage (please refer to DUTIES OF LESSOR, 2. Utility Services, parts a & b).

1. LESSEE agrees to conserve energy and natural resources by turning off lights, appliances and office electronics when not in use. LESSOR may provide LESSEE with instructions defining optimal use.
2. LESSEE shall be responsible for utility costs for utilities requested for program needs beyond those provided as part of this agreement or outside normally established hours of operation. This includes ventilation with additional cooling or heating outside normally established hours of operation and electricity for significant computer room loads, UPS systems or major appliances if determined by LESSOR to be beyond those provided for in this agreement, either during or outside normal building operating hours.
3. LESSOR will measure utility usage in appropriate units and charge LESSEE for the cost per unit of the utility. LESSEE shall promptly reimburse LESSOR upon receipt of invoice for utility services.

**G. USE OF SPACE**

1. LESSEE agrees not to use the Leased Premises in any way which, in the judgment and discretion of LESSOR, poses a hazard to building occupants, the Leased Premises or the building in part or whole, nor

Exhibit B- Page 7 of 9

shall LESSEE use the Leased Premises so as to cause damage, annoyance, nuisance or inconvenience to other building occupants.

2. LESSEE agrees to not use any stairwells, stairwell landings, loading dock areas, electrical, low voltage and mechanical equipment rooms or janitorial closets under the custodial control of LESSOR as storage areas. If access to any locked electrical/low voltage or janitorial/maintenance closet is needed by LESSEE, LESSEE shall contact 651.201.2300 to request access.

3. LESSEE agrees to consider all common areas in the buildings not located within the Leased Premises including entrances, lobbies, stairwells and landings as public, common spaces and shall only use them for State-approved events and shall comply with Minnesota Rules Chapter 1235.0100 to 1235.0600, Rules

Governing Public Rallies. All rules of conduct for users of public space will apply for the use of such space. These rules of conduct are subject to change. Public, common spaces shall not be used by LESSEE, LESSEE'S staff or private vendor(s) for solicitation or sales. Contact 651.201.2300 for more information regarding special events and rules governing them.

4. LESSEE agrees to consider conference rooms not leased as part of the Leased Premises and under the custodial control of LESSOR, as public, common spaces and shall only use them for State-sponsored events. Such public conference rooms shall not be used by LESSEE, LESSEE'S staff or private vendor(s) for solicitation or sales.

5. LESSEE agrees to receive all goods delivered to the building related to LESSEE or Leased Premises at the loading dock and promptly transporting to owned leased space. LESSEE shall be responsible for the safe-guarding and security of these delivered goods.

LESSEE agrees that, at no time, shall LESSOR be held accountable for the loss of any delivered goods nor shall the loading dock be used for storage or as a holding area.

6. LESSEE agrees to maintain the Leased Premises in a reasonably safe, clean and sanitary condition in compliance of all applicable codes.

7. LESSEE to ensure all doors and windows remain closed when not in use in order to ensure a balanced HVAC system, reduce dust and pollen in the building and to prevent birds, squirrels, and other pests from entering.

8. LESSEE is responsible for all interior ADA accommodations.

#### **H. EQUIPMENT REPAIR/REPLACEMENT SERVICES**

1. LESSEE-owned program equipment purchased and installed by LESSEE or purchased and installed on behalf of LESSEE through a major construction or renovation project that is related to LESSEE'S programs or operation shall be the responsibility of LESSEE to maintain, repair, replace or remove. Any structural or other damage to the Leased Premises resulting from LESSEE'S equipment shall be remedied by LESSEE at LESSEE'S expense. At the discretion of LESSOR, any of LESSEE equipment shall be removed at the time LESSEE vacates the Leased Premises and the Leased Premises shall be returned to its original condition at LESSEE'S expense. LESSOR may, at its discretion, following the execution of an interagency agreement, be contracted to maintain, service, repair and replace such LESSEE'S equipment at LESSEE'S cost on a fee-for-service basis through LESSOR'S Repair and Other Jobs activity.

2. Specialized fire suppression, fire detection, or alarm systems supporting LESSEE-owned equipment shall be the responsibility of LESSEE to maintain, repair, replace and inspect per local jurisdiction requirements. LESSEE may contract with LESSOR for maintenance, repair and inspection services of LESSEE'S equipment at LESSEE'S cost on a fee for services basis through LESSOR'S Repair and Other Jobs activity. If LESSEE chooses to contract separately, LESSEE must provide inspection report as required.

3. LESSEE shall ensure that equipment owned by LESSEE such as lieberts, dry coolers, etc. is properly installed and maintained to ensure maximum efficiency.

I. **KEYS** Additional keys needed by LESSEE beyond those provided by LESSOR shall be obtained from LESSOR on a fee-for-service basis through LESSOR'S Repair and Other Jobs activity. LESSEE is responsible for returning all keys issued for the Leased Premises upon termination of the Lease.

- J. **SECURITY SERVICES** LESSEE shall be responsible for maintaining all non-perimeter security devices or sensors in the Leased Premises including panic devices, emergency call boxes, access control devices, and cameras.
- K. **SIGNAGE** Identification of space within leased premises is the responsibility of the LESSEE.
- L. **BUILDING MANAGEMENT SERVICES** LESSEE will pay all invoices regarding:
1. CARPET. If LESSEE desires any carpet and LESSOR does not have funding available or does not agree carpet has reached the end of useful life, LESSOR will contract, install and invoice LESSEE.
  2. INTERIOR DECORATION. If LESSEE desires a different type of wall treatment, different quality of paint or decided it has reached the end of useful life, LESSOR will contract and invoice the LESSEE.
  3. WINDOW TREATMENTS. If LESSEE desires a different type of window treatment or decided it has reached the end of useful life, LESSOR will contract and invoice the LESSEE.
- M. **COMMUNICATION** LESSEE shall submit LESSEE initiated building postings to LESSOR'S Building Manager for approval. Approved posting will be distributed to the building's bulletin holders.
- N. **MODIFICATIONS TO LEASED SPACE**
1. LESSEE shall contact LESSOR to initiate any work that will affect the physical and/or operational characteristics of the Leased Premises. Such work may include but not be limited to: construction, remodeling, renovation, security systems, as well as modular furniture and communications/data cabling installations. Detailed plans for all such work shall be developed and approved by LESSOR or their designee. Implementation of the work shall be performed either by:
    - a. Licensed contractor, as authorized by LESSOR, under contract with the LESSOR.
    - b. Licensed contractor, as authorized by LESSOR, under contract with LESSEE. Such contracts must be approved by LESSOR prior to contract execution. Said contractor must follow all applicable codes and licensure requirements.
  2. At the time LESSEE vacates the Leased Premises, LESSEE shall, at LESSOR'S option be responsible for restoration of the Leased Premises which have been modified by the LESSEE since July 1, 2009. The Leased Premises shall be returned to its original condition by LESSOR at LESSEE'S expense.
- O. **PERSONAL PROPERTY** UL certified appliances such as, but not limited to, toasters, microwaves, refrigerators, coffee makers are only allowed in designated common areas as designated by LESSOR. Personal items such as space heaters, bicycles, segways or animals (including pets but not including service animals), are not allowed inside LESSOR managed facilities.
- P. **PLANTS** LESSEE shall ensure that all plants are properly maintained. LESSEE will be responsible for any damages as a result of plants.

## Customer Surveys and Building Tours



TOUR FY 16	ADMIN		AG-HEALTH LAB		ANDERSEN		BCA		CAPITOL		COB	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Point of Entry	94.29	94.67	100.00	99.52	93.21	94.18	97.50	99.05	DIDN'T	DIDN'T	94.64	92.10
Corridors/Elevators	100.00	95.43	100.00	99.18	87.56	90.00	97.50	100.00	TOUR	TOUR	90.71	83.33
Stairways	83.33	90.00	96.67	98.57	90.00	86.25	83.33	86.57			92.86	88.00
Restrooms	98.33	96.00	99.38	99.43	95.92	92.86	95.88	100.00			96.07	90.00
Office Areas	81.76	93.78	100.00	100.00	86.97	84.43	93.85	95.19			94.78	67.48
Break Rm/Kitchen	92.33	95.00	100.00	96.00	93.00	89.43	100.00	99.20			94.00	93.33
Cafeteria	80.00	N/A	N/A	N/A	66.67	90.00	N/A	N/A			100.00	N/A
Vending	80.00	100.00	100.00	100.00	100.00	91.43	100.00	100.00			90.00	80.00
Bldg Components	92.22	98.52	100.00	97.78	84.44	85.42	88.94	94.67			80.49	72.44
Life Safety Sys	100.00	100.00	100.00	100.00	97.33	90.00	100.00	99.00			100.00	97.50
Mechanical Rooms	N/A	83.57	95.56	100.00	86.67	92.22	90.00	98.29			94.44	93.33
Loading Dock Area	N/A	90.00	90.00	95.00	95.33	86.67	94.44	100.00			90.00	94.44
Parking	N/A	90.00	N/A	N/A	93.33	84.17	96.67	90.00			82.22	90.00
Grounds	N/A	90.00	86.67	80.00	85.48	84.44	88.89	92.63			86.67	93.33
Average	90.23	93.61	97.36	97.12	89.71	74.02	83.22	83.22			91.92	86.50

SURVEY FY 16	ADMIN		AG-HEALTH LAB		ANDERSEN		BCA		CAPITOL		COB	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Getting to work	96.09	94.02	96.67	96.28	85.23	84.98	96.94	97.19	DIDN'T	DIDN'T	88.86	90.32
Office Area	89.42	92.27	96.61	94.41	87.78	88.88	93.71	93.51	SURVEY	SURVEY	89.05	82.56
Facilities	97.62	94.75	95.48	98.56	93.39	92.76	98.59	96.07			97.38	94.12
Food Service	82.86	82.46	86.89	95.96	62.96	64.90	N/A	75.04			86.17	83.80
Security	91.41	87.12	100.00	98.94	88.79	89.87	97.56	97.19			94.58	85.04
PMD Services	98.36	98.46	100.00	97.87	96.13	95.83	98.78	98.88			97.59	95.90
Average	92.63	91.51	95.94	97.00	85.71	86.20	97.12	92.98			92.27	88.62

TOUR FY 16	ELY REVENUE		FLEET & SURPLUS SVCS		FREEMAN		GROVE		JUDICIAL CENTER		POWER HOUSE/691	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
	Point of Entry	92.70	91.11	99.29	100.00	100.00	98.04	100.00	100.00	89.14	93.57	88.17
Corridors/Elevators	94.44	91.67	100.00	96.00	98.10	98.21	N/A	100.00	87.52	90.56	89.52	83.67
Stairways	N/A	N/A	N/A	N/A	90.00	93.75	N/A	N/A	80.00	100.00	83.33	84.29
Restrooms	97.14	81.90	100.00	96.00	98.75	98.57	100.00	100.00	81.25	90.93	89.52	85.71
Office Areas	90.83	86.85	100.00	95.11	89.09	96.71	100.00	100.00	84.69	94.44	83.02	83.54
Break Rm/Kitchen	97.33	85.33	100.00	95.00	90.67	96.00	N/A	100.00	90.00	95.00	86.67	86.00
Cafeteria	N/A	N/A	N/A	N/A	N/A	100.00	N/A	N/A	73.33	93.33	N/A	N/A
Vending	N/A	N/A	N/A	N/A	100.00	100.00	N/A	N/A	80.00	100.00	N/A	80.00
Bldg Components	93.10	92.59	95.83	94.31	97.04	98.52	N/A	100.00	83.89	95.00	80.35	81.12
Life Safety Sys	89.44	83.33	97.78	95.00	100.00	100.00	N/A	100.00	86.67	95.00	75.50	87.00
Mechanical Rooms	76.67	76.67	90.67	90.83	100.00	100.00	N/A	100.00	84.44	88.33	82.98	76.85
Loading Dock Area	N/A	N/A	95.00	97.00	91.67	96.67	N/A	N/A	86.00	88.89	64.17	98.33
Parking	90.00	90.00	95.00	100.00	N/A	100.00	90.00	90.00	86.67	95.00	63.33	70.00
Grounds	N/A	N/A	81.04	N/A	87.22	80.79	86.67	N/A	74.17	82.96	83.81	82.86
Average	91.29	86.61	95.87	93.97	95.21	92.85	95.33	98.89	83.41	90.81	80.86	83.27

SURVEY FY 16	ELY REVENUE		FLEET & SURPLUS SVCS		FREEMAN		GROVE		JUDICIAL CENTER		POWER HOUSE/691	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
	Getting to work	92.43	96.97	100.00	89.29	88.08	91.17		DIDNT SURVEY	87.18	92.27	75.00
Office Area	91.41	86.66	97.92	96.43	96.11	93.57			91.03	90.65	100.00	90.00
Facilities	94.87	93.73	97.22	100.00	97.60	97.24			93.57	95.67	100.00	90.00
Food Service	N/A	N/A	N/A	N/A	82.76	84.51			80.57	85.24	80.00	96.00
Security	96.97	96.97	100.00	100.00	92.86	95.07			92.41	95.51	83.34	90.00
PMD Services	96.97	96.97	100.00	100.00	97.62	99.10			93.67	100.00	100.00	80.00
Average	94.53	94.26	99.03	97.14	92.51	93.44			89.74	93.22	89.72	88.50

TOUR FY 16	MHC		RSB		SOB		STASSEN		TRANSPORT- ATION		VETS	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Point of Entry	96.02	97.14	88.10	96.76	98.06	88.40	98.86	95.43	98.57	97.78	91.43	96.83
Corridors/Elevators	98.00	95.24	86.19	95.43	94.42	97.86	93.33	94.76	98.57	97.50	93.88	97.14
Stairways	99.00	93.33	88.00	97.14	100.00	48.75	98.00	93.33	51.11	94.29	78.75	98.75
Restrooms	99.05	94.86	88.10	96.79	95.52	95.43	90.95	98.86	95.43	98.57	95.56	99.23
Office Areas	97.91	96.96	85.00	94.60	92.04	94.22	91.85	95.83	94.44	96.30	93.20	96.30
Break Rm/Kitchen	82.86	93.00	84.80	96.50	96.00	99.00	98.75	93.00	93.33	96.57	94.00	99.43
Cafeteria	100.00	90.00	86.25	85.21	N/A	N/A	100.00	N/A	70.00	90.00	N/A	N/A
Vending	75.00	93.33	86.67	94.29	80.00	80.00	100.00	96.67	95.00	95.00	100.00	93.33
Bldg Components	91.33	94.81	85.00	97.78	90.22	87.72	98.33	92.59	96.11	96.07	95.56	97.46
Life Safety Sys	96.81	100.00	86.67	95.43	92.00	90.00	80.00	85.00	100.00	100.00	100.00	100.00
Mechanical Rooms	96.67	91.07	80.00	86.48	81.59	80.00	75.00	80.00	100.00	91.11	91.11	91.11
Loading Dock Area	93.33	90.00	100.00	94.67	90.83	81.67	78.33	93.33	100.00	92.22	91.11	94.44
Parking	100.00	80.00	93.33	96.00	80.00	86.67	N/A	100.00	100.00	100.00	91.11	90.00
Grounds	100.00	90.00	92.33	90.79	80.00	80.00	88.89	87.41	98.00	92.50	87.33	93.33
Average	94.71	92.84	87.89	94.13	90.05	85.36	91.71	92.02	92.18	95.56	92.54	89.84

SURVEY FY 16	MHC		RSB		SOB		STASSEN		TRANSPORT- ATION		VETS	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Getting to work	95.42	98.30	99.19	99.25	96.94	96.02	96.31	95.49	97.59	97.78	81.06	89.19
Office Area	93.55	93.60	95.33	93.69	89.99	91.05	91.77	91.28	92.70	93.05	96.88	93.21
Facilities	96.26	97.73	97.78	98.47	96.26	97.35	97.21	95.61	97.30	97.10	97.22	98.65
Food Service	90.72	90.87	77.65	70.85	91.54	95.43	83.47	84.01	88.91	89.63	92.18	N/A
Security	91.31	94.35	96.12	95.46	79.27	79.89	96.27	92.75	93.04	90.05	87.50	97.30
PMD Services	99.03	100.00	98.90	100.00	96.20	100.00	99.04	99.70	98.61	99.55	100.00	94.59
Average	94.38	95.81	94.16	92.95	91.70	93.29	94.01	93.14	94.69	94.53	92.47	94.59