

ADMINISTRATION DEPT

Program: GOVT AND CITIZEN SERVICES

Activity: REAL ESTATE AND CONSTR SERVICE

Narrative

Activity at a Glance

Real Estate and Construction Services

- Manages 996 nonstate-owned and state-owned real property leases
- Leases 3.6 million useable square feet of nonstate-owned space and other real property at an annual cost of \$63.4 million
- Leases 2.1 million useable square feet of state-owned space under the custodial control of Administration (Admin)
- Manages over 430 remodeling/repair/new building projects
- Oversees over \$166 million in capital appropriations

Activity Description

This activity provides a broad range of real estate services and construction services to achieve facility solutions that help state agencies deliver efficient and effective services. The following are key Minnesota Statutes (M.S.) citations applicable to Real Estate and Construction Services (RECS): 16A.632, 16B.05, 16B.24, 16B.25, 16B.26, 16B.281, 16B.282, 16B.283, 16B.284, 16B.286, 16B.287, 16B.30, 16B.305, 16B.31, 16B.32, 16B.322, 16B.325, 16B.33, 16B.335, 16B.35, 16C.08, 16C.095, 16C.10, 16C.14, 16C.32, 16C.33, 16C.34, and 216B.241.

Population Served

The activity provides services to state agencies with custodial control of state-owned buildings and to approximately 100 state agencies, divisions, boards, and councils located in leased facilities. Property types include office, storage, warehouse, workforce centers, residential facilities, treatment centers, correctional facilities, emergency services, training centers, environmental services, communication facilities, laboratories, driver vehicle services, licensing centers, and state veterans homes.

Services Provided

The activity

- Manages and oversees building planning, design and construction for new, remodeling, and asset preservation building projects
- Manages statewide capital asset preservation and replacement funds
- Manages hazardous materials surveys and abatement projects
- Manages the statewide predesign program, maintains the predesign manual, and reviews/approves submittals
- Provides oversight of the statewide facility condition audit
- Provides staff support for, and is a member of, the State Designer Selection Board (SDSB)
- Develops and maintains building design guidelines
- Oversees Minnesota Sustainable Building Guidelines and Benchmarking Tool (B3) programs
- Manages Public Buildings Enhanced Energy Efficiency Program (PBEEEP)
- Administers the Enterprise Total Infrastructure Facility Management System (E-TIFM)
- Participates in enterprise real property governance initiatives
- Identifies state-owned and nonstate-owned real property that efficiently and functionally meets agencies' space needs
- Negotiates and drafts leases of state-owned and nonstate-owned real property to house state agencies in quality spaces at the most economical rental rates
- Provides space programming and monitoring of leasehold improvement construction
- Manages leases to assure compliance with terms and conditions including resolving day-to-day issues
- Provides relocation assistance including preparing funding requests, managing budgets, and coordination
- Generates revenue by leasing state-owned real property temporarily not needed for state use
- Assists agencies in site selection, oversees the due diligence process (appraisals, surveys, inspections, environmental assessments, and geo-technical reports), and negotiates acquisition of real property
- Manages the disposition of state surplus real property in manner that maximizes return to the state
- Develops and issues easements and permits, and coordinates transfers custodial control of real property between agencies
- Maintains databases of leases, floor plans, space management inventories, and state-owned land inventories for internal and external use

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Historical Perspective

Minnesota state agencies have extensive and diverse real estate needs. The state owns 30 million square feet in more than 4,000 buildings and managed by 20 custodial agencies. In addition, Admin currently leases 3.6 million useable square feet of nonstate-owned space for over 100 state agencies, boards, and councils.

Real Estate Services (RES) and the State Architect's Office (SAO) combined in FY 2008 to form RECS. Combining the two organizations created efficiencies in support functions and facilitated comprehensive end-to-end services to statewide customers. The Department of Administration previously provided more energy management services to state agencies. While these efforts have been scaled back in recent years, RECS continues to receive a small appropriation to support a limited number of energy related projects and initiatives.

Consolidation and co-location of agencies remains a priority. The result of these efforts has been to conserve resources by sharing space, equipment, and staff. Consolidation and co-location also offer the public the ability to obtain products and services and to conduct more than one transaction at a visible, accessible, easily identifiable location. Consolidation and co-location also facilitate transportation pools that lead to conserving resources, better accessibility, reducing pollution, and controlling parking development costs.

The Enterprise Total Infrastructure Facility Management (E-TIFM) system is providing the state with a web-enabled, shared repository to facilitate more efficient and effective oversight and stewardship of the state's real estate assets.

Key Activity Goals & Measures

Admin Goal – To reduce costs by working across government (<http://www.admin.state.mn.us/admin.html>)

RECS Goal: Reduce rent costs by negotiating leases effectively.

Measure: lease rates on average for nonstate-owned property will not increase more than 2% per year.

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1.09%	2.0%	1.0%	2.0%	1.0%

Admin Goal – To provide our customers with valuable services, products, advice, and expertise (<http://www.admin.state.mn.us/admin.html>)

RECS Goal: Improve energy conservation and efficiency in state buildings.

Measure: Conduct energy audits in at least 5% of state-owned buildings each fiscal year.

Activity Funding

This activity is primarily funded through general fund appropriations. In addition, some funding is received by charging direct project management services to projects. Funding for projects managed by RECS is from general obligation bonds, general funds, special revenue funds, federal funds, matching grants, and gift funds. RECS also assists agencies with repair and restoration projects that are funded through agency operating budgets.

Contact

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<http://www.admin.state.mn.us/recs>

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Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium</i>
	<i>Current</i>	<i>Current</i>	<i>Governor's Recomm.</i>	<i>Governor's Recomm.</i>	
	<i>FY2010</i>	<i>FY2011</i>	<i>FY2012</i>	<i>FY2013</i>	<i>2012-13</i>
<u>Expenditures by Fund</u>					
Carry Forward					
General	279	540	10	0	10
Direct Appropriations					
General	2,753	3,598	3,120	3,075	6,195
Miscellaneous Special Revenue	0	250	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	838	1,079	724	675	1,399
Federal	140	0	0	0	0
Federal Stimulus	85	2,500	4,237	0	4,237
Gift	51	0	0	0	0
Total	4,146	7,967	8,091	3,750	11,841
<u>Expenditures by Category</u>					
Total Compensation	2,081	2,021	2,015	2,018	4,033
Other Operating Expenses	1,853	5,606	6,066	1,732	7,798
Capital Outlay & Real Property	212	340	10	0	10
Total	4,146	7,967	8,091	3,750	11,841
Full-Time Equivalents (FTE)	22.7	21.8	21.3	20.6	