

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. Real Estate and Construction Services are provided in accordance with M.S. 16A.28, 16A.632, 16A.69, 16B.24, 16B.05, 16B.25, 16B.26, 16B.281, 16B.282, 16B.283, 16B.284, 16B.285, 16B.286, 16B.287, 16B.30, 16B.305, 16B.31, 16B.32, 16B.325, 16B.33, 16B.335, 16B.35, 16C.08, 16C.095, 16C.10, 16C.14, 16C.32, 16C.33, and 16C.34.

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, emergency services, training centers, environmental services, communication facilities, laboratory testing, probation offices, driver vehicle services, health programs, and licensing centers.

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 statewide Predesign program, maintains Predesign Manual, and reviews/approves submittals;
- ◆ provides oversight of the statewide Facility Condition Audit;
- ◆ provides staff support and Admin's member for the State Designer Selection Board (SDSB);
- ◆ develops and maintains Building Design Guidelines;
- ◆ oversees Minnesota Sustainable Building Guidelines and Benchmarking Tool (B3) programs;
- ◆ manages and oversees newly created Energy Improvement Financing Program;
- ◆ provides leadership for implementation of Drive to Excellence Real Property Governance and Total Infrastructure Facility Management System (E-TIFM);
- ◆ 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 rent;
- ◆ 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 budgeting, preparing capital budget requests, managing budgets, processing relocation requests, 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 transfers custodial control of real property between agencies; and

Activity at a Glance

The Real Estate and Construction Services:

- ◆ maintains a total of 962 leases of nonstate-owned and state-owned real property;
- ◆ leases 3.5 million useable square feet of nonstate-owned space and other real property at an annual cost of \$58.6 million;
- ◆ leases 2.1 million useable square feet of state-owned space under the custodial control of Administration;
- ◆ manages over 340 remodeling/repair projects and several major new building projects; and
- ◆ oversees over \$120 million in 2008 capital appropriations.

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Program: GOVT AND CITIZEN SERVICES

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Narrative

- ◆ maintains databases of leases, floor plans, space management inventories, and state-owned land inventories for internal and external use.

Historical Perspective

Minnesota state agencies have extensive and diverse real estate needs. The state owns a total of 29 million square feet in more than 5,000 buildings. This real estate is managed by 20 custodial agencies. In addition, Admin currently leases 3.5 million useable square feet of nonstate-owned space for over 100 state agencies.

Real Estate Services (RES) and the State Architect's Office (SAO) combined in FY 2008 to form the Real Estate and Construction Services Division. RES and SAO, as general fund operations, were under tremendous financial pressure due to successive budget reductions. Combining the two organizations is intended to strengthen office support and facilitate comprehensive end-to-end services to statewide customers. As part of the 2008 supplemental budget process, budget reductions for the department resulted in a permanent reduction in resources available for providing Energy Management Services to state agencies. However, the balance of the general fund appropriation for Energy Management Services was transferred to Real Estate and Construction Services to continue support for energy related projects and initiatives.

Implementation of the Real Property Enterprise System, a Drive to Excellence project, will provide the state with a web-enabled, state-hosted, shared facility condition audit and project management system that facilitates more efficient and effective oversight and decision-making on state building projects.

Case-by-case life-cycle cost analyses of owning and leasing facilities have been historically used and will continue to be used to determine the most economic manner of providing space for state agencies.

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.

Key Program Goals

Reduce costs by working across state government

- ◆ reduce rent costs by negotiating leases effectively.

Provide customers with valuable services, products, advice and expertise

- ◆ develop and implement tools to more effectively and efficiently prioritize capital investments and manage construction projects;
- ◆ improve energy conservation and efficiency in state buildings;
- ◆ increase use of clean energy sources; and
- ◆ reduce greenhouse gas emissions from state-owned facilities.

Key Measures

Measure: lease rates for nonstate-owned property will not exceed an average of 2% per year.

Performance Measure	FY 2006	FY 2007	FY 2008	FY 2009
	1.09%	2.0%	1.0%	2.0%

Measure: All Project Management and support staff will complete training on new system in FY 2009; E-TIFM Facility Condition Audit and Project Management Modules will be ready for implementation by 6-30-2009.

Measure: Develop program to identify and implement energy improvement projects for state buildings. Identify and implement up to three pilot projects by 6-30-2009.

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Activity Funding

This activity is funded through a general fund appropriation. 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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ADMINISTRATION DEPT

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Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium
	FY2008	FY2009	FY2010	FY2011	2010-11
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,500	80	80	80	160
Forecast Base	2,500	80	80	80	160
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,037	5,963	2,729	2,661	5,390
Statutory Appropriations					
Miscellaneous Special Revenue	2,542	2,758	2,857	3,167	6,024
Federal	0	149	0	0	0
Gift	4	199	0	0	0
Total	6,583	9,069	5,586	5,828	11,414
<u>Expenditures by Category</u>					
Total Compensation	2,042	2,438	2,449	2,428	4,877
Other Operating Expenses	4,484	4,921	2,985	3,380	6,365
Capital Outlay & Real Property	57	1,710	152	20	172
Total	6,583	9,069	5,586	5,828	11,414
Full-Time Equivalents (FTE)	24.0	26.9	25.9	24.7	