Projects Summary

($ in thousands)

Project Title	Rank	Fund	Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2016	2018	2020	2016	2018	2020
Repurpose of State-Office Data Center Facilities Back To Usable Office Space	1	GO	1,432	0	0	1,432	0	0
Total Project Requests			1,432	0	0	1,432	0	0
General Obligation Bonds (GO) Total			1,432	0	0	1,432	0	0

http://mn.gov/mnit/

AT A GLANCE

- Provides all information technology (IT) services to 70 executive branch entities and offers a sub-set of services to cities, counties and other non-executive branch entities
- Responsible for 2,100 IT employees
- Hosting and support of 2,300 agency applications
- Manages security for systems and applications at 135 locations
- Oversight of executive branch IT project portfolio including over 500 biennial IT projects

PURPOSE

The mission of MN.IT Services is to provide high-quality, secure and cost-effective information technology that meets the business needs of government, fosters innovation and improves outcomes for the people of Minnesota.

As the State's provider of efficient and cost-effective IT services for agencies and citizens, MN.IT Services directly contributes to the State's results-based outcome of: **Efficient and accountable government services**. In addition, we support all of the results-based outcomes, including health, public safety, employment and economic development, education and natural resources, by providing IT computing and telecommunications resources to support agency business goals, and by managing the applications that run agency programs.

STRATEGIES

MN.IT Services strives to fulfill its mission through five key operational strategies as defined below.

1. Improve service management
Standardize and improve service level management for all services, both centrally delivered and agency based, in order to improve service outcomes, service costs, and accountability.
Adopt common service management processes, tools, and metrics in order to coordinate management and reporting.
Develop service strategies in a way that makes business sense and represents good value to our customers, and actively seek to deliver on a short-list of "early wins."

2. Focus the State portfolio
Reassess and revitalize key enterprise initiatives that take into account the new consolidated environment and meet the goals of the IT Master Plan.
Assess and improve statewide project and portfolio management, increasing the overall success of project execution and completion.

3. Implement organizational consistency
Standardize agency policies and management practices, and develop functional alignment between MN.IT Central and agency based offices in order to better define roles, skills and expectations and to foster collaboration and interoperability.
Analyze and address inconsistencies in employment terms and practices to facilitate agile staff deployment and increase career path options for MN.IT employees.

4. Foster leadership and encourage high performance and innovation

Set clear expectations and provide training and mentoring to build leadership and management skills within our organization and work to clear administrative barriers to attracting and rewarding strong IT leadership talent to the State.

Monitor employee satisfaction and productivity. Actively and consistently manage performance and results in order to build trust and improve service, and recognize and reward individual performance and effectiveness.

Institute policy and provide tools that allow MN.IT employees to work effectively from anywhere to meet the customers' needs.

5. Practice financial management and accountability

Standardize financial management of IT budget(s) based on total cost of ownership in order to increase transparency and manage resources.

Revise IT procurement functions and processes in order to maximize the effectiveness of contract management and the power of enterprise contracts.

Develop and execute a strategy for reinvestment of savings.

Practice clear governance and decision-making at all levels of our organization based on the best interests of the State, our customers, and our employees.

MN.IT Services legal authority comes from M.S. 16E.
(https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter)

At A Glance

- Multi-year effort to reduce executive branch data center footprint and consolidate hardware in enterprise data centers
- Provide enhanced physical and system security and monitoring
- Minimize risk and maximize redundancy in major systems and facilities
- Reduce energy and space costs over the long term
- Accelerate enterprise-wide virtualization to enable improved business processes and facilitate shared services; incorporate virtualization in a shared data center strategy

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Factors Impacting Facilities or Capital Programs

The MN.IT Master Plan and Strategic Plan lay the groundwork for a more stable, secure and function-rich IT infrastructure for the state. The plans provide steps to better align technologies with agency business needs and integrate technologies and services at best cost and value for the state. The increasing centrality of information technology to state service delivery and the ever-expanding nature of cybersecurity threats to the State make a clearly-defined, aggressive program of improvements to the state's IT infrastructure more imperative than ever.

Consolidating the State's roughly 40 data center facilities into Tier III facilities (as assessed based on the highly-regarded Uptime Institute Scale), while reducing the size and complexity of the hosting footprint through server virtualization, will significantly increase the physical safety and stability of the State's most critical systems and result in energy and space savings. MN.IT completed the physical and operational set-up for two Tier III enterprise data centers, including one leased Tier III data center. The Tier III data centers are highly reliable and redundant, providing a level of physical, cyber and operational security, as well as infrastructure redundancy, heretofore unavailable at any of the individual data centers that have grown up in state facilities. The consolidation of data centers into these high performance facilities greatly reduces the risk to state systems and data – to a level more acceptable to the industry and to the nature of the State's business.

Self-Assessment of Agency Facilities and Assets

The primary facilities that relate to MN.IT Services are data centers. Data center facilities house equipment for data processing, communication, and storage. They are essential for government operations and citizen services such as 911 emergency response, tax collections, and criminal records.

While the State's two enterprise data centers are currently operating at Tier II and Tier III levels on the Uptime scale, the majority of the State's data centers are at or below Tier I – the lowest ranking possible. Many facilities are lacking redundant infrastructure for failover (about 80% of the locations have no or inadequate disaster recovery capability), experience outages when maintenance is required, and lack redundant power in the case of power failure. Many of the facilities are built to 40-year-old guidelines, and most facilities are retrofitted office space lacking key mechanical and electrical capabilities to support appropriate levels of power, heating and cooling.

Through data center consolidation, all state data center facilities are targeted to be upgraded to the industry's Tier III level to adequately protect and serve the public.

Agency Process for Determining Capital Requests

Several processes helped give rise to this request. First, data center consolidation was recommended in 2007 by a number of state agencies via their chief information officers as an enterprise consolidation

opportunity. A steering team comprised of agency CIOs and then-OET management guided the creation of a business case and subsequent planning.

In 2008, an independent third party prepared a detailed assessment of state executive branch data centers and facilities. The assessment defines the security and business risks of the existing data center environment and provides recommendations for new data center space. During the 2009 session, the Legislature demonstrated its support with an appropriation of $250,000 to continue planning for data center consolidation.

A pre-design report was completed in March of 2013, in partnership with the Department of Administration, which describes the anticipated vacant data center space to be repurposed along with cost estimates for repurposing work. This request is based upon the estimates included in the pre-design report for the remaining state-owned data center facilities that are planned for consolidation and repurposing over the next four years.

Major Capital Projects Authorized in 2014 & 2015
Not applicable

Repurpose of State-Office Data Center Facilities Back To Usable Office Space

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AT A GLANCE

2016 Request Amount: $1,432

Priority Ranking: 1

Project Summary: MN.IT is requesting $1.43 million in state funds to repurpose two state-office data center facilities back to usable office space, after their hardware and equipment is consolidated in the State's enterprise data centers.

Project Description

This request is for $1.43 million in general obligation bond funding for the repurposing of two data center locations currently housed at the Bureau of Criminal Apprehension's Maryland Avenue office building and the Department of Revenue's Stassen Office Building. The space to be repurposed totals 1,263 square feet at the BCA location and 2,901 square feet at the Stassen location, resulting in the transition in total of 4,164 square feet of space that has been retrofitted as data center space back to usable office space.

If funded, MN.IT would work with the Department of Administration and impacted state agencies to decommission and repurpose these data center facilities back to office space, while consolidating the associated hardware and equipment in one of two enterprise data centers. Work involved in the repurposing of these spaces includes but is not limited to: interior, mechanical, HVAC, electrical, and sprinkler demolition; patching and replacement of flooring, ceiling and carpeting; painting; moving or installation of partitions; temperature control modifications; electrical modifications; mechanical modifications; replacement of ductwork and diffusers; and HVAC distribution modifications.

Project Rationale

The State's current, decentralized data center footprint allows an unacceptable level of risk to state systems and is an inefficient approach to enterprise hosting and data center management. MN.IT Services is currently engaged in a data center consolidation initiative to reduce the number of data centers being operated within agency office buildings and consolidate their hardware and equipment in highly-secure and efficient enterprise data centers. The goal of data center consolidation is to improve the security of state data center facilities, reduce risks to and increase the reliability of state IT systems, and reduce the State's overall data center footprint. This strategy will result in energy and space savings and significantly increase the safety and stability of the State's most critical systems, providing a level of physical, cyber and operational security previously unavailable.

As MN.IT closes data centers located within agency office buildings, funding is required to repurpose these spaces back to usable office space. These spaces were retrofitted with raised floors, specialized heating and cooling equipment, and other features that make them unusable as office space until this repurposing work is completed. Funding of this request will allow MN.IT to help agencies address a portion of the costs associated with the consolidation of their hardware in enterprise data centers and accelerate the rate at which the overall state data center footprint is

reduced while increasing the percentage of state systems housed in more reliable and highly-secure Tier II and Tier III data centers.

Other Considerations

None

Impact on Agency Operating Budgets

None

Description of Previous Appropriations

In 2011, $5.7 million in GO bonds were appropriated to the Commissioner of Administration to renovate and equip certain data center facilities and decommission others. These funds have supported the decommissioning and repurposing of the 5th floor of the Centennial Office Building, which had the largest footprint of any state-run data center facility.

Project Contact Person

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Governor's Recommendation

The Governor recommends $1.432 million in general obligation bonds for this request.

Repurpose of State-Office Data Center Facilities Back To Usable Office Space

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2016	FY 2018	FY 2020
State Funds Requested				
General Obligation Bonds	$ 0	$ 1,432	$ 0	$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	$ 0	$ 1,432	$ 0	$ 0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2016	FY 2018	FY 2020
Property Acquisition	$ 0	$ 0	$ 0	$ 0
Predesign Fees	$ 0	$ 0	$ 0	$ 0
Design Fees	$ 0	$ 114	$ 0	$ 0
Project Management	$ 0	$ 33	$ 0	$ 0
Construction	$ 0	$ 1,282	$ 0	$ 0
Relocation Expenses	$ 0	$ 0	$ 0	$ 0
One Percent for Art	$ 0	$ 0	$ 0	$ 0
Occupancy Costs	$ 0	$ 0	$ 0	$ 0
Inflationary Adjustment	$ 0	$ 3	$ 0	$ 0
TOTAL	$ 0	$ 1,432	$ 0	$ 0

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2016	FY 2018	FY 2020
IT Costs	$ 0	$ 0	$ 0
Operating Budget Impact ($)	$ 0	$ 0	$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	$ 1,432	100 %
User Financing	$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

M.S. 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)	Yes
M.S. 16B.335(3): Predesign Review Required (by Dept. of Administration)	
Does this request include funding for predesign?	No
Has the predesign been submitted to the Department of Administration?	Yes
Has the predesign been approved by the Department of Administration?	Yes
M.S. 16B.325(1): Sustainable Building Guidelines Met	Yes
M.S. 16B.325(2) and M.S. 16B.335(4): Energy Conservation Guidelines	
Do the project designs meet the guidelines?	Yes
Does the project demonstrate compliance with the standards?	Yes
M.S. 16B.335(5 & 6): Information Technology Review (by MN.IT)	Yes
M.S. 16A.695: Public Ownership Required	Yes
M.S. 16A.695(2): Use Agreement Required	No
M.S. 16A.695(5): Program Funding Review Required (by granting agency)	N/A
M.S. 16A.86 (4b): Matching Funds Required	N/A
M.S. 16A. 642: Project Cancellation in 2021	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A