
Policy Number: 104.360
Title: Leasing of Facilities
Effective Date: 9/4/18

PURPOSE: To process requests to lease non-state-owned real property in a timely, consistent manner, in compliance with Department of Administration directives.

APPLICABILITY: Department-wide

DEFINITIONS: None

PROCEDURES:

- A. The leasing process is initiated by an immediate supervisor responsible for a given area. Locations leased for state operations must be free of mobility barriers, unless exceptions are granted due to location and/or clientele or other factors. All fully executed leases must be retained in financial services.
- B. New lease:
1. The designated department contact person provides a written request to the real estate and construction services (RECS) lease supervisor. The written request must include the following information (if this information is not known, the RECS assists the department to determine):
 - a) Name, address, and telephone number of department representative;
 - b) Space criteria:
 - (1) Office, storage, laboratory, land or other (e.g., hangers, boat slips, etc.);
 - (2) Location;
 - (3) Length of lease;
 - (4) Date space is needed;
 - (5) Estimated square footage;
 - (6) Parking requirements;
 - (7) Access to other agencies;
 - (8) Public transportation, freeways, etc.; and
 - (9) Future expansion needs;
 - c) Budget constraints/considerations; and
 - d) Funding information and Certificate of Compliance form (attached) completed in accordance with Minn. Stat. § 16B.24, subd. 6(a).
 2. In order to find the most economical space meeting department needs and requirements, upon receiving the department's written request, RECS:
 - a) Discusses the request with the department;
 - b) Prepares a market comparison/analysis of viable options for department consideration. In conjunction with this review, RECS must verify space availability in vacant public buildings and in buildings of historical, architectural, or cultural significance pursuant to Minn. Stat. § 16B.24, subd. 6(b), (c);
 - c) Schedules and conducts tours of properties to be considered;
 - d) Solicits lease proposals from property owners;

- e) Evaluates proposals, including economic analysis; and
- f) Recommends a preferred site.

3. Upon selection of a site, the department provides written documentation of reasons for the selection to RECS. Upon receipt of the written documentation, RECS:
 - a) Acts as liaison between department and lessor;
 - b) Coordinates space programming and planning services, including a floor plan layout showing remodeling to be accomplished, an itemized remodeling cost breakdown, and the construction schedule with completion date;
 - c) Negotiates the terms and conditions of the lease including rental rate, lease terms, remodeling specifications;
 - d) Reviews and verifies adherence to state space guidelines and verifies square footage, expansion space and parking; and
 - e) Drafts and processes the lease.

C. Lease renewal:

1. When the lease is up for renewal, RECS sends an e-mail to the designated department contact person, notifying the contact person of the upcoming expiration. The contact person then gathers all necessary information and provides a written request to the RECS lease supervisor. The written request includes the following information (if this information is not known, the RECS assists the department to determine):
 - a) Current lease number, address, and city of leased premises;
 - b) Renewal terms desired;
 - c) Improvement or remodeling requirements (e.g., painting, carpeting, wall construction, electrical);
 - d) Any problems or concerns regarding the space (important to negotiating the most beneficial lease renewal for the department);
 - e) Additional space/parking requirements, if applicable;
 - f) Funding information and Certificate of Compliance form completed in accordance with Minn. Stat. § 16B.24, subd. 6(a); and
 - g) If applicable, provides encumbrance letter pursuant to Minn. Stat. § 16A.15, subd. 3.
2. Upon receipt of department written request for lease renewal, RECS:
 - a) Discusses the request with the department;
 - b) Requests lease renewal proposal from the property owner;
 - c) Checks the market for viable options for alternative space;
 - d) Acts as liaison between department and lessor;
 - e) Negotiates the terms and conditions of the lease, including rental rate, term of lease, remodeling, expansion space and parking; and
 - f) Drafts and processes the lease agreement.

D. Emergency leases for offender housing:

1. When an authorized department staff person determines the need for leased offender housing, the staff person must submit a lease proposal (using forms obtained from central office financial services) and send it to the department lease liaison for review and entry into the statewide accounting system. Due to the short-term nature of these leases, the department policy and legal services and Department of Administration real estate and construction services are not involved in the process.

2. After review, the department lease liaison returns the lease to the requesting authorized department staff, who obtains the lessor's signature on an original and four copies of the lease.
3. The authorized department staff person returns the original and four copies of the lease to the department lease liaison to acquire the appropriate deputy commissioner's signature and complete the approval in the statewide accounting system. The department lease liaison distributes the fully-executed lease to appropriate staff.
4. Lease amendments must follow the same process, using a lease amendment format obtained from central office financial services.

INTERNAL CONTROLS:

- A. Fully executed lease agreements are retained in financial services.

ACA STANDARDS: 2-CO-1B-08, 4-JCF-6B-09

REFERENCES: Minn. Stat. §§ [16B.24](#), subd. 6(a), (b), (c); [16A.15](#), subd. 3
[Department of Administration – Real Estate Leasing Guide](#)

REPLACES: Policy 104.360, “Leasing of Facilities,” 7/5/16.
All facility policies, memos or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS: [Funding and Certificate of Compliance](#) form (external Department of Administration form)

APPROVALS:

Deputy Commissioner, Facility Services
Deputy Commissioner, Community Services
Assistant Commissioner, Facility Services
Assistant Commissioner, Operations Support