



Date: May 9, 2024
To: PERA Board of Trustees
From: Doug Anderson, Executive Director
Subject: Fiscal Year 2025 Budget

Attached is the FY25 Administrative and Capital Expenditure Budget. Tracy Gebhard, Chief Financial Officer, will present the budget and describe key expenditures and variances at the board meeting.

While the FY25 Budget total is only 0.3% higher than the FY24 Budget total, there are some significant differences between the two years. This memo will only capture differences at a high level. A more detailed explanation is in the budget document and further explanation will occur during the presentation.

Key differences are:

- The initiation and early progress of the systems modernization project has been later and slower than forecasted last year. There is no expected change in the total multi-year amount of work or costs. However, the expected length of the project is now longer than originally expected, which will lower annual costs, but extend them for a greater time. This explains the nearly \$8M decrease in projected FY24 expenditures compared to budget and the nearly \$4M decrease in the FY25 budgeted amount as compared to the FY24 budgeted amount.
- The systems modernization delayed start explains some of the reason for lower full time pay than what was budgeted in FY24. The more typical annual issue of having positions open due to attrition or hiring delays also contributed to over \$4M in full time pay less than budgeted in FY24.

Approximately \$12M of the \$13M amount under budget in FY24 is explained by the two issues described above.

The major differences between the FY24 budget and the FY25 budget are:

- A nearly \$4M decrease from FY24 to FY25 due to the systems modernization change of pace described above, offset by
- About \$2.3M in increases for two items that are nonnegotiable: about \$0.7M for employee wage increases and about \$1.6M for SBI related expenses,
- About \$1.6M in increases that staff considers critical to PERA's success. These include increases in IT services and the addition of four full-time and three part-time positions.

There are other items that explain the remaining change in budget from FY24 to FY25. These items will be discussed at the Board meeting. Staff believes that the amounts requested are appropriate to continue with progress towards our mission to provide services our member's value.

Staff would appreciate the Board taking action to support the FY25 budget as presented.



Fiscal Year 2025 Budget

Presented by: Tracy Gebhard
Date: May 9, 2024



Fiscal Year 2025 Budget

Budget Category	Approved FY24 Budget	Projected FY24 Expenditures	Over/(Under) FY24 Budget	Proposed FY25 Budget	FY25 Increase/ (Decrease) (\$)	FY25 Increase/ (Decrease) (%)
Personnel						
Full Time Pay	\$15,478,800	\$11,182,322	(\$4,296,478)	\$16,605,030	\$1,126,230	7.3%
Part Time/Temporary Pay	215,500	327,536	112,036	427,870	212,370	98.5
Overtime & Other Pay	79,000	184,651	105,651	67,200	(11,800)	(14.9)
Total Personnel	\$15,773,300	\$11,694,509	(\$4,078,791)	\$17,100,100	\$1,326,800	8.4%
Supplies & Services						
Office Supplies & Equipment	\$65,400	\$38,612	(\$26,788)	\$56,700	(\$8,700)	(13.3%)
IT Equipment & Hardware	297,000	157,801	(139,199)	378,000	81,000	27.3
Mailing & Printing Services	751,000	874,309	123,309	808,000	57,000	7.6
Telephone & Connectivity	132,000	100,419	(31,581)	132,000	-	-
SBI Investment Fees	4,161,000	4,411,000	250,000	5,782,000	1,621,000	39.0
Financial & Actuarial Services	785,000	694,830	(90,170)	898,984	113,984	14.5
Management Services	452,800	315,138	(137,662)	576,429	123,629	27.3
Medical Services	840,000	527,030	(312,970)	898,265	58,265	6.9
Legal Services	41,000	156,864	115,864	140,000	99,000	241.5
IT Services	840,000	657,929	(182,071)	1,902,000	1,062,000	126.4
Training & Development	140,500	88,628	(51,872)	140,500	-	-
Travel	123,300	55,663	(67,637)	123,300	-	-
Other Costs	28,000	20,211	(7,789)	28,000	-	-
Total Supplies & Services	\$8,657,000	\$8,098,434	(\$558,566)	\$11,864,178	\$3,207,178	37.0%
Building						
Bond Principal & Interest	\$715,000	\$715,000	-	\$379,600	(\$335,400)	(46.9%)
Building Operating Costs	1,080,500	907,152	(173,348)	909,611	(170,889)	(15.8)
Total Building	\$1,795,500	\$1,622,152	(\$173,348)	\$1,289,211	(\$506,289)	(28.2%)
Modernization						
Systems Modernization	\$7,927,500	\$187,194	(\$7,740,306)	\$4,015,000	(\$3,912,500)	(49.4%)
Total Modernization	\$7,927,500	\$187,194	(\$7,740,306)	\$4,015,000	(\$3,912,500)	(49.4%)
Contingency of 1%	\$341,533	-	(\$341,533)	\$342,685	1,152	0.3%
Grand Total	\$34,494,833	\$21,602,289	(\$12,892,544)	\$34,611,174	\$116,341	0.3%



Budget Overview

Board policy requires that staff, under the direction of the executive director, prepare an Administrative and Capital Expenditure Budget annually for approval by the Board of Trustees. The budget includes administrative expenditures, including staff salaries, supplies and services, and capital expenditures, including building and equipment costs. The budget does not include benefit payments or revenues, such as contributions from employers and members and investment earnings. PERA prepares the budget and recognizes costs using the full accrual basis of accounting. PERA budgets for and recognizes the costs of goods and services when received, not when paid. The budget also includes a contingency amount equal to 1% of the baseline budget.

In May, staff present the budget for the upcoming fiscal year to the Board. If modifications are required, staff will present a revised budget in June.

Amending the Budget

Board policy allows the executive director to transfer funds within the three broad categories: (1) Personnel; (2) Supplies and Services, which includes modernization; and (3) Building. The Board must pre-approve any transfers made by the executive director between the three categories, and a transfer of funds within or between the categories must not alter the total budget amount approved by the Board. In addition, Board policy allows the executive director to spend up to \$5,000 (not including a series of payments) of the contingency fund for emergency items without prior Board approval. However, approval by the Board is required after-the-fact for affirmation.

The Board may amend the budget originally approved for a specific administrative purpose or an acquisition if amending the budget is approved by a majority vote of the Trustees present at a meeting.

Fiscal Year 2024 Budget Review

PERA requested and the Board approved a fiscal year 2024 (FY24) budget of \$34,494,833. Projected FY24 expenses total \$21,602,289, which is \$12,892,544 or 37.4% under the FY24 budget.

PERA highlights any FY24 projected expense that is over or under the FY24 budget by at least \$100,000 by category in the tables below.



Modernization

Budget Category	Over/(Under) FY24 Budget Amount	Explanation for FY24 Projected Expense Increase/Decrease
Systems Modernization	(\$7,740,306)	With a greater understanding of the state's contracting process and an assessment of PERA's ability to absorb the changes that will be brought forth with systems modernization, PERA has decided to scale back the pace at which the modernization work will be completed each year. The total multi-year systems modernization project budget will not increase.

Personnel

Budget Category	Over/(Under) FY24 Budget Amount	Explanation for FY24 Projected Expense Increase/Decrease
Full-Time Pay	(\$4,296,478)	The variance is a result of the following: <ul style="list-style-type: none">• Attrition and a large number of open IT positions,• Difficulty in filling new Product Owner positions and other vacant positions, and• Unanticipated staff departures.
Part-Time/Temporary Pay	\$112,036	PERA utilized post-retirement option agreements with employees in its Operations and Finance Divisions to address backlogs and temporarily fill vacant positions.
Overtime & Other Pay	\$105,651	The FY24 projected expense includes separation pay that is not budgeted because it is not anticipated.



Supplies and Services

Budget Category	Over/(Under) FY24 Budget Amount	Explanation for FY24 Projected Expense Increase/Decrease
Medical Services	(\$312,970)	PERA saw a decrease in the number of new disability applicants in FY24. The FY24 budget was based an estimate of 398 applicants. As of April 30, 2024, PERA received 197 applicants.
SBI Investment Fees	\$250,000	The SBI was too conservative in its FY24 budget and will incur additional personnel and remodeling costs before the end of the fiscal year.
IT Services	(\$182,071)	The cybersecurity advisor was a new, on-going cost budgeted for \$75,000 but not spent in FY24. In addition, the procurement of the new, on-going cybersecurity operations center was delayed, resulting in just over \$5,000 of the \$125,000 spent in FY24.
IT Equipment & Hardware	(\$139,199)	The FY24 budget included the following: <ul style="list-style-type: none">• \$90,000 for personal computer supplies and equipment, but only \$20,000 is projected to be spent.• \$175,000 for new air conditioning units, but only \$116,000 is projected to be spent.
Management Services	(\$137,662)	The following were budgeted, but not expended in FY24: <ul style="list-style-type: none">• \$70,000 for professional services for our communications department,• \$30,000 for a one-time interagency agreement to assist PERA with HR transactions, and• \$28,000 for a one-time project to research lost members.



Supplies and Services cont.

Budget Category	Over/(Under) FY24 Budget Amount	Explanation for FY24 Projected Expense Increase/Decrease
Mailing & Printing Services	\$123,309	PERA incurred unanticipated costs related to mailing letters to members about the one-time lump sum payment that was passed in the 2023 legislative session.
Legal Services	\$115,864	PERA experienced a significant increase in the projected FY24 expenses when compared to the FY24 budget: <ul style="list-style-type: none">• Over \$75,000 for the Attorney General’s Office to represent PERA in the lawsuit brought forth by Minnesota Duty Disabled Association.• About \$40,000 for a contracted tax consultant to provide consulting services on a variety of complex compliance issues such as plan review and suggested legislative changes for the Defined Contribution Plan.

Building

Budget Category	Over/(Under) FY24 Budget Amount	Explanation for FY24 Projected Expense Increase/Decrease
Building Operating Costs	(\$173,348)	The FY24 budget included \$200,000 for repairs and restoration to the PERA suite, most of which PERA did not use in FY24.



Fiscal Year 2025 Budget

PERA staff proposes a fiscal year 2025 (FY25) Administrative and Capital Expenditure Budget of \$34,611,174, which is an increase of \$116,341, or 0.3% from the approved FY24 budget.

Nonnegotiable Expenses

Annually, PERA must budget for certain costs that are not negotiable. PERA must pay these costs at the amount set by another entity. Nonnegotiable costs include personnel costs, such as employee wage increases and increases in employer paid taxes and health insurance premiums, SBI investment fees, statewide indirect costs, and facilities management fees. PERA uses the most current, available data from these other entities in its budget. These costs are expected to increase by about \$2.2 million in the fiscal year 2025 budget when compared to the fiscal year 2024 budget.

Budget Category	Approved FY24 Budget	Proposed FY25 Budget	FY25 Budget Increase/(Decrease)(\$)	FY25 Budget Increase/(Decrease) (%)
SBI Investment Fees	\$4,161,000	\$5,782,000	\$1,621,000	39.0%
Personnel Services	\$15,478,800	\$16,185,119	\$706,319	4.6%
Facilities Management Fees	\$875,500	\$705,911	(\$169,589)	(19.4%)
Total	\$20,515,300	\$22,673,030	\$2,157,730	10.5%

Personnel Services only includes positions approved in the FY24 budget. Facilities Management Fees only includes the budgets approved by the Facilities Management Committee.

Fiscal Year 2025 Budget Highlights

PERA highlights any FY25 budget proposal increase or decrease of at least \$100,000 or 15% from the FY24 approved budget by category in the tables below.



Modernization

Budget Category	FY25 Budget Increase/(Decrease)	Explanation for FY25 Budget Increase/Decrease
Systems Modernization	(\$3,912,500)	The FY25 budget proposal includes: <ul style="list-style-type: none">• \$2,500,000 for contractors to create automated test scripts and perform test execution.• \$832,000 for contractors to assist with gathering and documenting business requirements, project management, training, and change management.• \$390,000 for software licenses and services.• \$118,000 for Omni Channel licenses and consulting services.• \$100,000 for software development framework support.• \$75,000 to migrate our website to another platform.

Supplies and Services

Budget Category	FY25 Budget Increase/(Decrease)	Explanation for FY25 Budget Increase/Decrease
SBI Investment Fees	\$1,621,000	The SBI continues to hire additional staff and will incur costs to construct and remodel its new space on the first and second floors of the Retirement System Building in FY25.
IT Services	\$1,062,000	The FY25 budget proposal includes the following infrastructure costs and information security costs: On-going costs: <ul style="list-style-type: none">• \$658,000 for licenses, consulting services, and support.• \$120,000 to strength PERA's security posture. One-time costs: <ul style="list-style-type: none">• \$200,000 for costs related to PERA's disaster recovery site.• \$44,000 to secure personally identifiable data on file servers.• \$40,000 to migrate email to the cloud.



Supplies and Services cont.

Budget Category	FY25 Budget Increase/(Decrease)	Explanation for FY25 Budget Increase/Decrease
Management Services	\$123,629	<p>The FY25 budget proposal includes the following new expenses:</p> <ul style="list-style-type: none">• \$100,000 for a one-time expense for a contracted vendor to scan microfiche.• \$30,000 for a one-time cost for a contracted vendor to create a survey for our members. <p>In addition, the FY25 budget proposal includes an increase of approximately \$30,000 for its website hosting and e-mail delivery services. PERA procured these services from different vendors to obtain higher quality services. The FY25 budget increase was offset by \$30,000 for the one-time interagency agreement for human resources transactions budgeted in FY24.</p>
Financial & Actuarial Services	\$113,984	<p>The FY25 budget proposal includes the following increases:</p> <ul style="list-style-type: none">• \$50,000 in one-time costs for consulting services to fully utilize all functionalities available within PERA's reporting software.• \$54,000 increase in on-going costs to produce financial reports for fire departments participating in the Statewide Volunteer Firefighter Plan.



Supplies and Services cont.

Budget Category	FY25 Budget Increase/(Decrease)	Explanation for FY25 Budget Increase/Decrease
Legal Services	\$99,000	The FY25 budget proposal includes the following increases: <ul style="list-style-type: none">• \$64,000 for one-time costs for the Attorney General's Office to continue to represent PERA in the lawsuit brought forth by Minnesota Duty Disabled Association.• \$35,000 for on-going costs for a contracted vendor to provide consulting services on a variety of complex compliance issues.
IT Equipment & Hardware	\$81,000	The FY25 budget proposal includes one-time expenses of \$122,000 and \$134,000 for Cisco phone hardware and server nodes to support our virtual desktop infrastructure for both production and our disaster recovery site. The FY25 budget increase was offset by \$175,000 for one-time costs for an air conditioner budgeted in FY24.



Personnel

Budget Category	FY25 Budget Increase/(Decrease)	Explanation for FY25 Budget Increase/Decrease
Full-Time Pay	\$1,126,230	The FY25 budget proposal includes: <ul style="list-style-type: none">• \$419,911 for ongoing costs for four additional FTEs in PERA's Operations Division and Executive Team.• \$706,319 for nonnegotiable wage increases.
Part-Time/Temporary Pay	\$212,370	The FY25 budget proposal includes the addition of three new employees working part-time under a post-retirement option to: <ul style="list-style-type: none">• Assist the Operations Division in providing training and support to a new employee once hired,• Collaborate with PERA's legal counsel to the review our data retention schedule, and• Provide support to the Finance Division.

Building

Budget Category	FY25 Budget Increase/(Decrease)	Explanation for FY25 Budget Increase/Decrease
Bond Principal and Interest	(\$335,400)	The bond repayment schedule for the Retirement Services Building included a final, reduced payment in FY25 to pay the remaining balance. The bond will be fully paid on June 1, 2025 after the final principal and interest payment is made.
Building Operating Costs	(\$170,889)	The FY25 Facilities Management Committee (FMC) budget proposal included a slight decrease in expenses despite moving the one-time building project to repair the window seals and gaskets initially budgeted for FY24 to FY25. The FY25 FMC budget also included a one-time cash infusion of \$600,000 which increased income.



April 11, 2024 Meeting

Date: April 11, 2024

To: Retirement Systems of Minnesota, Facilities Management Committee Members

From: Colleen Hazel, MSRS Chief Financial Officer and Facilities Manager

Re: **Proposed Facility Budget Request for Fiscal Year 2025**

I am pleased to present, for your review and approval, the fiscal year 2025 Retirement Systems of Minnesota Facilities Budget. As you are aware, the Co-Tenancy Agreement between PERA, MSRS, and TRA defines the duties of the Facilities Management Committee. One of those duties is to establish an annual budget for ongoing operation and maintenance of the facilities.

An overview of the proposed fiscal year 2025 budget is as follows:

- Total Income = \$997,524 is expected, which is about 77.6 percent more than the fiscal year 2024 budget. Income increases are due to an increase in ITC earnings as well as a one-time cash infusion requested to reduce the amount of cash in the fund balance.
- Total Expenses = \$2,891,771 is expected, which is 1.2 percent less than the fiscal year 2024 budget. The majority of this expenditure is due to a large upcoming project of window seal replacements. This project was budgeted for fiscal year 2024 but actual construction has been delayed until fiscal year 2025.
- Net Loss/Proportionate Share of Expenses = \$1,894,247 is estimated, which is 19.9 percent lower than the fiscal year 2024 budget. A portion of the decrease is due to the cash infusion, which offsets the proportionate share of expenses.

Additionally, as part of preparing the fiscal year 2025 facility budget, we reviewed fiscal year 2024 activity. We are projecting a surplus of \$941,549.

I look forward to telling you more about the proposed fiscal year 2025 facility budget, and to presenting our recommendations to you at the April 11, 2024, Facility Management Committee meeting.

We thank you very much for your continued commitment and support of our facilities.

Staff Recommendation: We recommend that the Committee approve the fiscal year 2025 Facility Budget.



Retirement Systems of Minnesota

Minnesota State Retirement System
Teachers Retirement Association
Public Employees Retirement Association

Facilities Management Committee
Proposed Facility Budget
Fiscal Year 2025

Presented By: Colleen Hazel, MSRS
Date: April 11, 2024

Retirement Systems of Minnesota
 Facility Management Committee – Proposed Facility Budget
 Fiscal Year 2025

Category	Approved FY2024 Annual Budget	Estimated FY2024 Results	Over / (Under) Variance	FY2025 Annual Budget Request	% Change Budget FY2024 / Budget FY2025
INCOME					
Lease Income					
State Board of Investment	\$277,656	\$277,656	\$0	\$309,000	11.29%
Office of the Secretary of State	18,024	18,024	0	18,024	0.00%
Room Rental	1,000	1,000	0	1,000	0.00%
Parking Fees	0	10,000	10,000	11,500	100.00%
Other Income	15,000	61,818	46,818	58,000	286.67%
One-Time Cash Infusion	250,000	250,000	0	600,000	140.00%
Total Income	\$561,680	\$618,498	\$56,818	\$997,524	77.60%
EXPENSES					
FMD - Building Property Management	\$1,573,315	\$1,573,315	\$0	\$1,606,321	2.10%
FMD - Parking Property Management	50,000	50,000	0	50,000	0.00%
Supplies	1,500	1,958	(458)	1,650	10.00%
Plant Services and Maintenance	8,000	8,000	0	8,000	0.00%
Repairs	75,000	7,500	67,500	130,000	73.33%
Space Renovation	1,145,000	316,340	828,660	1,005,000	(12.23%)
Recycling	1,000	1,184	(184)	1,000	0.00%
Common Area Phones	5,500	5,404	96	5,500	0.00%
Statewide Indirect Costs	3,000	3,282	(282)	3,300	10.00%
Landscaping	10,000	10,000	0	3,000	(70.00%)
Insurance	31,000	41,909	(10,909)	55,000	77.42%
Cafeteria Services	18,000	17,692	308	18,000	0.00%
Other Services	5,000	5,000	0	5,000	0.00%
Total Expenses	\$2,926,315	\$2,041,584	\$884,731	\$2,891,771	(1.18%)
NET INCOME (LOSS) – PROPORTIONATE SHARE					
PERA – 36.5%	(\$863,092)	(\$519,426)	\$343,665	(\$691,400)	(19.89%)
TRA – 36%	(851,269)	(512,311)	338,958	(681,929)	(19.89%)
MSRS – 27.5%	(650,275)	(391,349)	258,926	(520,918)	(19.89%)
Total Cash From Retirement Systems	(\$2,364,635)	(\$1,423,086)	\$941,549	(\$1,894,247)	(19.89%)

Budget Overview

One of the duties charged to the Facilities Management Committee (FMC) in the Co-Tenancy Agreement is to establish an annual budget for ongoing operation and maintenance of the Retirement Services Building (RSB). The Facilities Manager, in conjunction with the Chief Financial Officers and Accounting Directors from each of the retirement systems, coordinates budget preparation and presents the budget to the FMC for their approval. Once the budget is approved, the Facilities Manager is responsible for monitoring the budget and ensuring that the total annual budget is not exceeded. The facility budget is approved by the FMC, not by the individual retirement systems boards. The boards, however, annually approve the funding that is required to support the building budget as part of each agency's operating budget.

Fiscal Year 2024 Budget Review

Income: The Retirement Services Building derives income from four sources: leases, room rental, parking fees and other income. We are anticipating that we will receive income totaling \$618,498 in fiscal year 2024, which is \$56,818 more than budgeted. Income is higher than expected due to the increase in Invested Treasurer's Cash (ITC) based on the cash balance in the Building Services Fund.

Lease income is derived from leasing office space to two state agencies: the State Board of Investment and the Office of the Secretary of State. The State Board of Investment (SBI) occupies space on three floors of the building, 267 square feet on the first floor, 8,436 square feet on the third floor, and 2,866 square feet on the fourth floor. In total SBI currently leases 11,569 square feet at \$24.00 per square foot, totaling \$277,656. The Office of the Secretary of State (OSS) leases 751 square feet on the third floor of the building at \$24.00 per square foot, totaling \$18,024 annually.

Room rental is derived from the daily use of our training and board rooms from non-building tenants. We anticipate receiving \$1,000 for room rental in fiscal year 2024. Hybrid work throughout state agencies has led to increased room rental. Parking fees for the use of our parking ramp are collected from the State Board of Investment as tenants, with estimated collected revenue of \$10,000, which is \$10,000 more than budgeted.

Expenses: Retirement Services Building expenses include Department of Administration, Facilities Management Division (FMD) property management costs, repairs, space renovation, supplies and other building related costs. Projected fiscal year 2024 expenses total around \$2,041,584, which is \$884,731 less than budgeted. This is due to the window gasket and seal project being moved into fiscal year 2025.

Department of Administration, Facilities Management Division property management costs for the building were budgeted to be \$1,573,315 for the building and \$50,000 for the parking ramp. These costs are established in contract, paid on a monthly basis, and equaled the amount budgeted.

Other noteworthy expenditures in fiscal year 2024 included the construction design plan for the window gasket and seal replacement project, as well as the commencement of the repair of the cooling towers, which will be completed in fiscal year 2025. Fiscal year 2024 project costs and budget variances are detailed on the next page:

Project	Approved FY2024 Annual Budget	Estimated FY2024 Results	Over / (Under) Variance
<u>Repairs</u>			
Repair Contingency	\$25,000	\$7,500	\$(17,500)
Sidewalk repair-Parking Lot	25,000	0	(25,000)
Parking Ramp Repairs	25,000	0	(25,000)
	\$75,000	\$7,500	\$(67,500)
<u>Space Renovation</u>			
Cooling Tower Repair	250,000	250,000	0
Roof & Window Assessment	895,000	66,340	(828,660)
	\$1,145,000	\$316,340	\$(828,660)

Overall, the fiscal year 2024 facilities budget is projected to have a surplus of \$941,549.

Fiscal Year 2025 Budget Highlights by Category

Total Income: Facility income of \$997,524 is projected for fiscal year 2025, which includes a one-time cash infusion of \$600,000 from the Building Services Fund. Budget categories are detailed in the following pages:

Budget Category	Budget Amount	Budget Description
Lease Income	\$309,000	The State Board of Investment (SBI) leases 11,569 square feet at \$24.00 per square foot. SBI will be relocating to the first floor, with completion expected in September. It is estimated they will be leasing 13,300 feet. The combined cost of the current square footage and the new square footage total an annual cost of \$309,000. They are currently in year 4 of a 5 year lease, effective from 7/1/21 through 6/30/26. The lease will be amended for the additional square footage after a space study is completed.
	\$18,024	The Secretary of State leases 751 square feet at \$24.00 per square foot, totaling \$18,024 annually. A 5 year lease is effective from 1/1/22 through 12/31/27.
Room Rental	\$1,000	Room rental is derived from the daily use of our training and board rooms from non-building tenants.
Parking Fees	\$11,500	Parking Fees are collected from SBI.
Other Income	\$58,000	Other income consists mainly of Invested Treasurer's Cash (ITC), which is interest earned on building fund cash in the state treasury.
One-Time Cash Infusion	\$600,000	This is a one-time cash infusion from the Retirement Services Building Fund to reduce the cash balance that has accumulated over time while still allowing for six months of operating capital. This offset reduces projected expenditures for fiscal year 2025, helping to offset some of the cost of the window project.
	\$997,524	Total FY25 Projected Income

Total Expenses: Facility expenses of \$2,891,771 are projected for fiscal year 2024.

Budget Category	Budget Amount	Budget Description
FMD - Building Property Management	\$1,606,321	<p>A contract with The Department of Administration, Facilities Management Division (FMD), is executed for property management services. FMD handles the facility janitorial, landscaping, snow removal, engineering, maintenance, utilities, and pest control services. There are two separate agreements with FMD, one for building and grounds and one for parking ramp services (see below).</p> <p>We are currently in year two of a two year agreement with FMD for building and grounds and parking services through fiscal year 2025. FMD's annual contracted costs for building and grounds services total \$1,606,321 for fiscal year 2025, which is an increase of around 2.1 percent from fiscal year 2024 costs.</p>
FMD - Parking Ramp Property Management	\$50,000	FMD's annual contracted costs for parking ramp services total \$50,000 for fiscal year 2025. This cost has been consistent from year to year.
Building Supplies	\$1,650	This budget includes \$1,650 for building supplies, mainly miscellaneous supply and courtyard related items, which is a 10% increase over fiscal year 2024.
Plant Services and Maintenance	\$8,000	We are budgeting \$8,000 for services to maintain live plants throughout the interior of the building and the exterior courtyard and for interior holiday decorating services.
Repairs	\$130,000	The building repair budget of \$130,000 includes \$30,000 for elevator repair, \$25,000 for ramp, parking lot and sidewalk repair, \$50,000 for cooling tower work completion, and a \$25,000 contingency for any unanticipated repairs that may arise in fiscal year 2025.
Space Renovation	\$1,005,000	<p>The building fiscal year 2025 space renovation budget consists of:</p> <ul style="list-style-type: none"> * \$895,000 - Window Project * \$60,000 - Technology Upgrades-Board Room and Training Room * \$50,000 - Boardroom Refresh
Recycling	\$1,000	Contracted building recycling services total around \$1,000 per year. Cost is based on weight of materials removed.
Common Area Phones	\$5,500	There are 17 phone lines used to service the building in areas like the board room, security desk, lobby, loading dock, penthouse, elevators, storage rooms, etc. The cost for those 17 lines is estimated to be \$5,500 for the year.
State Indirect Costs	\$3,300	The State charges indirect costs to agencies to pay for usage of the State's accounting and procurement system (SWIFT) and Minnesota Management and Budget's accounting and budgeting services. We will not receive a fiscal year 2025 invoice until May, 2024, but anticipate cost increases from the prior year. We are budgeting \$3,300.
Landscaping	\$3,000	\$3,000 is budgeted to cover landscaping services that are not handled by FMD. This allows us to replace trees or shrubs as needed and maintain any of the outdoor plants to keep the property looking fresh and healthy.

Building insurance	\$55,000	Our facility is insured through the State of Minnesota's Risk Management Division. Although new rates are not issued until May, we anticipate another significant increase in rates for fiscal year 2025. Based on a 50% increase in fiscal year 2024, we have included \$55,000 in the budget, which represents an additional 30% increase.
Cafeteria Services	\$18,000	Our contract for cafeteria services supplements contractor losses up to \$1,500 per month. We anticipate the losses to be less than \$1,500 if there are more employees are working in the RSB.
Other Services	\$5,000	We are budgeting \$5,000 to cover miscellaneous items that might occur during the year. Examples of previous expenditures in this category include water testing costs, risk insurance for construction projects, extra pest control and other costs.
	\$2,891,771	Total FY25 Projected Expense