

07 - 0078

DATE: January 12, 2007

TO: Mr. Tom Hanson, Commissioner
Department of Finance

Legislators, per M.S. 16B.307, subd. 2, Distribution list attached

FROM: Linda Mitchell, Academies Superintendent



SUBJECT: **Asset Preservation
Summary Report**

Pursuant to Minnesota Statutes 16B.307, Subdivision 2, enclosed is the Asset Preservation (AP) Summary Report. This report is a list of projects funded from AP appropriations during calendar year 2006.

Enclosures

c: Governor Tim Pawlenty
Legislative Reference Library (6)

Asset Preservation Summary Report Distribution:

Tom Hanson, Commissioner
Department of Finance
4th Floor Centennial Building

The Honorable Richard Cohen, Chair
Finance Committee
Minnesota State Senate
Room 121 State Capitol

The Honorable LeRoy A. Stumpf, Chair
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The Honorable Keith Langseth, Chair
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Capital Investment Finance Division
Minnesota House of Representatives
Room 453 State Office Building

The Honorable Mindy Greiling
K-12 Education Finance Division
Minnesota House of Representatives
Room 381 State Office Building

ASSET PRESERVATION SUMMARY REPORT

Minnesota State Academies

January 2007

This information will be made available in alternate format,
for example, large print, Braille, or cassette tape, upon request
at TTY 507-332-5400 or by contacting

Minnesota State Academies
Voice 507-332-5420
Fax 507-332-5404

Cost to prepare this report: \$600

Table of Contents

Executive Summary..... **Page 1**

 Table One, FY06 Funding..... **Page 2**

 Appendix 1, M.S. 16B.307.....**Page 3**

**Asset Preservation Report
Executive Summary**

REPORTING REQUIREMENTS

Minnesota Statutes 16B. 307, subdivision 2, states that the commissioner of an agency that has received an appropriation for asset preservation shall submit:

- A list of the projects in each agency that were funded from the Asset Preservation (AP) during the preceding calendar year
- A list of priority projects for which an AP appropriation will be sought during this year's legislative session.

FUNDING SUMMARY

The Minnesota State Academies received \$2,074,000 million in Asset Preservation funding in FY06. As of today the projects are in design state with construction scheduled for this summer.

The Minnesota State Academies are anticipating requesting additional Asset Preservation funding in the FY07 Legislative session.

TABLE ONE

Minnesota State Academies funded in CY06 using the FY06 AP appropriation

Location	Project Description	Allocation
Deaf Academy	Replace roofs on Smith and Quinn Halls	\$1,080,000
State Academies Campus	Repair Leaking Tunnels	\$345,000
Deaf Academy	Install air conditioning and upgrade lighting Noyes Hall	\$649,000
Total:		\$2,074,000

APPENDIX 1

16B.307 ASSET PRESERVATION APPROPRIATIONS.

Subdivision 1. **Standards.** Article XI, section 5, clause (a), of the Constitution requires that state general obligation bonds be issued to finance only the acquisition or betterment of public land, buildings, and other public improvements of a capital nature. Money appropriated for asset preservation, whether from state bond proceeds or from other revenue, is subject to the following additional limitations:

- (a) An appropriation for asset preservation may not be used to acquire new land nor to acquire or construct new buildings, additions to buildings, or major new improvements.
- (b) An appropriation for asset preservation may be used only for a capital expenditure on a capital asset previously owned by the state, within the meaning of generally accepted accounting principles as applied to public expenditures. The commissioner of administration will consult with the commissioner of finance to the extent necessary to ensure this and will furnish the commissioner of finance a list of projects to be financed from the account in order of their priority. The legislature assumes that many projects for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the Constitution and capital expenditures under generally accepted accounting principles, and will be financed more efficiently and economically under this section than by direct appropriations for specific projects.
- (c) Categories of projects considered likely to be most needed and appropriate for asset preservation appropriations are the following:
 - (1) projects to remove life safety hazards, like building code violations or structural defects. Notwithstanding paragraph (a), a project in this category may include an addition to an existing building if it is a required component of the hazard removal project;
 - (2) projects to eliminate or contain hazardous substances like asbestos or lead paint;
 - (3) major projects to replace or repair roofs, windows, tuckpointing, mechanical or electrical systems, utility infrastructure, tunnels, site renovations necessary to support building use, and structural components necessary to preserve the exterior and interior of existing buildings; and
 - (4) projects to renovate parking structures.
- (d) Up to ten percent of an appropriation subject to this section may be used for design costs for projects eligible to be funded under this section in anticipation of future asset preservation appropriations.

Subd. 2. **Report.** By January 15 of each year, the commissioner of an agency that has received an appropriation for asset preservation shall submit to the commissioner of finance, the chairs of the legislative committees or divisions that currently oversee the appropriations to the agency, and to the chairs of the senate and house of representatives Capital Investment Committees, a list of the projects that have been funded with money under this program during the preceding calendar year, as well as a list of those priority asset preservation projects for which state bond proceeds fund appropriations will be sought during that year's legislative session.

History: 2006 c 258 s 30