

08 - 0096



DATE: January 11, 2008

TO: Tom Hanson, Commissioner, Department of Finance
Legislators, per M.S. 16B.307, subd. 2, distribution list attached

FROM: *Dana B. Badgerow*
Dana B. Badgerow, Commissioner

SUBJECT: Asset Preservation Summary Report

Pursuant to Minnesota Statutes 16B.307, Subdivision 2, enclosed is the Department of Administration Asset Preservation (AP) Summary Report. This report is a list of projects funded from AP appropriations to the Department of Administration during calendar year 2007.

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
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Minnesota House of Representatives
Room 365 State Office Building



ASSET PRESERVATION SUMMARY REPORT

January 2008

This information will be made available in alternate format,
for example, large print, Braille, or cassette tape, upon request
at TTY 651.297.1545 or by contacting

Department of Administration
Real Estate and Construction Services
Voice 651.201.2399
Fax 651.296.7650

Cost to prepare this report: \$600

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 Department of Administration received AP funding in the amount of \$2.5 million in FY05 and \$5 million in FY06. All of these appropriations have been distributed in prior calendar years.

The Department of Administration does not anticipate making a request for AP funding in the 2008 Legislative session.

The Department of Administration has also been appropriated AP funds for several other agencies. The following is a summary of AP funds appropriated in FY2005 and 2006 that have been expended on projects in calendar year 2007.

FY2005	Perpich Center for Arts Education	\$39,281.58
	Department of Human Services	\$344,742.60
	Minnesota Veterans Homes Board	\$9,000.00
FY2006	Perpich Center for Arts Education	\$31,000.00
	Minnesota State Academies	\$142,425.00
	Minnesota Veterans Homes Board	\$1,142,203.49
	Department of Corrections	\$296,922.19

The attached Table 1 and Table 2 list specific projects that have been funded.

TABLE 1

Projects funded in CY07 using the FY06 Asset Preservation appropriations

	Location	Description	Allocation	Agency Total
Administration				
Total				\$0.00
Department of Corrections				
78639FAP	Faribault	Replace condensate Fern & Pine	32,805.00	
78649FAP	Faribault	Convert condensate pump to electric Power Plant	32,805.00	
78648FAP	Faribault	Replace condensate warehouse & Sierra	32,805.00	
78657FAP	Faribault	Move antenna system	9,577.19	
78666MLP	Moose Lake	Repair & reroute storm water drainage	88,930.00	
78642SCP	St. Cloud	Remodel 2nd floor ADA elevator	100,000.00	
Total				\$296,922.19
MN State Academies	Faribault			
44060DAP	Deaf Academy	Upgrade air quality in Quinn Hall	53,721.00	
44061DAP	Deaf Academy	Upgrade air quality in Smith Hall	18,704.00	
44076DAP	Deaf Academy	Tate Hall concrete steps & snow melt	70,000.00	
Total				\$142,425.00
MN Veterans Homes				
76211MPP	Minneapolis	Design for 2005 Asset Preservation	28,950.87	
76244LNP	Luverne	Regrade rear entrance, upper lot, fire road	140,010.00	
76261MPP	Minneapolis	Abate mold in Pavillion & Bldg 10	9,984.14	
76263MPP	Minneapolis	Study renovation of Bldg 17	162,500.00	
76268MPP	Minneapolis	Replace windows Bldg 17	372,000.00	
76167HAP	Hastings	Capital infrastructure Phase 2	205,000.00	
76271FFP	Fergus Falls	Replace chiller	200,000.00	
76272MPP	Minneapolis	Campuswide hazardous survey	15,000.00	
76275MPP	Minneapolis	Bldg 1 basement closet mold	8,758.48	
Total				\$1,142,203.49
Perpich Center for Arts Education				
25047GVP	PCAE	Gaia Bldg sewer line replacement	31,000.00	
Total				\$31,000.00
Human Services				
Total				\$0.00
Grand Total				\$1,612,550.68

TABLE 2

Projects funded in CY07 using the FY05 AP appropriations

	Location	Description	Allocation	Agency Total
Administration				
Total				\$0.00
Corrections				
Total				\$0.00
MN State Academies				
Total				\$0.00
MN Veterans Homes				
76274MPP	Minneapolis	Abate building 9 for demo	9,000.00	
Total				\$9,000.00
Perpich Center for Arts Education				
25046GVP	PCAE	East Admin roof replacement	39,281.58	
Total				\$39,281.58
Human Services				
55321SRP	SPRTC	Repair Old Center elevator	25,323.00	
55326AKP	AMRTC	Remove floor tile in Miller bldg hallways	29,196.04	
55330SRP	SPRTC	Asbestos abate floor tile in Green Acres	22,542.40	
55337SRP	SPRTC	Clean Johnson Hall HVAC	1,000.00	
55338SRP	SPRTC	Replace exterior concrete	210,112.64	
55258CAP	METO-Cambridge	Upgrade fire and security in Power Plant	10,000.00	
55347SRP	SPRTC	Admin pipe abatement rooms 9 & 6	27,053.00	
55346SRP	SPRTC	Admin pipe abatement rooms 8, 8A & 133A	19,515.52	
Total				\$344,742.60
Grand Total				\$393,024.18

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