



DATE: January 15, 2009

TO: Mr. Tom Hanson, Commissioner, Minnesota Management & Budget
Legislators, per M.S. 16B.307, subd. 2 (Distribution list attached)

FROM: Dana B. Badgerow, Commissioner

SUBJECT: **Asset Preservation Summary Report**

Pursuant to Minnesota Statutes 16B.307, subd. 2, enclosed is the Asset Preservation (AP) Summary Report. This report is a list of projects funded from AP appropriations during calendar year 2008.

Enclosures

c: Governor Tim Pawlenty
Legislative Reference Library (6)

Asset Preservation Summary Report Distribution:

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

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ASSET PRESERVATION SUMMARY REPORT

Department of Administration

January 2009

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
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Cost to prepare this report: \$600

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**Asset Preservation Report
Executive Summary**

REPORTING REQUIREMENTS

Minnesota Statutes 16B. 307, subd. 2 (see Appendix 1), states that the commissioner of an agency that has received an appropriation for asset preservation (AP) shall submit:

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

Recent Law changes affecting Asset Preservation Accounts are in Appendix 2.

FUNDING SUMMARY

The Department of Administration received AP funding in the amount of \$2.5 million in FY05, \$5 million in FY06, and \$0.00 in FY08. All of these appropriations have been distributed in prior calendar years. The Department of Administration does not anticipate requesting Asset Preservation funding in the 2009 Legislative session.

The Department of Administration has also received AP fund appropriations for a number of other state agencies. Following is a summary of AP funds appropriated in FY 2005, 2006 and 2008 that have been expended on projects in calendar year 2008. The attached Tables One and Two list specific projects that were funded.

FY2005	Department of Administration	\$ 0.00
	Perpich Center for Arts Education	\$ 0.00
	Minnesota State Academies	\$ 0.00
	Department of Human Services	\$ 410,197.31
	Minnesota Veterans Homes Board	\$ 116,963.06
	Department of Corrections	\$ 7,348.74
FY2006	Department of Administration	\$ 0.00
	Perpich Center for Arts Education	\$ 0.00
	Minnesota State Academies	\$ 46,000.00
	Department of Human Services	\$ 0.00
	Minnesota Veterans Homes Board	\$ 44,920.00
	Department of Corrections	\$ 774,127.00
FY2008	Department of Administration	\$ 0.00
	Perpich Center for Arts Education	\$ 355,000.00
	Minnesota State Academies	\$ 575,000.00
	Department of Human Services	\$ 0.00
	Minnesota Veterans Home Board	\$1,963,650.00
	Department of Corrections	\$6,519,900.27

TABLE ONE
Projects funded in CY08 using the FY05 AP appropriations

	Location	Description	Allocation	Agency Total
Administration				
Total				\$0.00
Department of Corrections				
78706SWP	MCF-Stillwater	Complete ESA Phase 1	4,248.74	
78729FAP	MCF-Faribault	Asbestos abate Cedric Adams for demo	3,100.00	
Total				\$7,348.74
Minnesota State Academies				
Total				\$0.00
Minnesota Veterans Homes				
78252HAP	Minneapolis	Repair storm water drainage	116,963.06	
Total				\$116,963.06
Perpich Center for Arts Educ.				
Total				\$0.00
Department of Human Resources				
55348SRP	SPRTC	Abate Pexton basement room 17 floor	16,137.79	
55351SRP	SPRTC	Develop asphalt and concrete maintenance mgmt	19,400.00	
55349SRP	SPRTC	Remodel bathrooms & showers in Shantz	17,750.00	
55352SRP	SPRTC	Provide locks for Bartlett Hall Unit 1 south	12,406.56	
55355CAP	CRTC	Replace METO admin chiller	40,000.00	
55357SRP	SPRTC	Asbestos abate basement water lines in Bartlett & kitchen	15,821.11	
55353SRP	SPRTC	Design MSH window replacement	85,660.00	
55354SRP	SPRTC	Asbestos abate Shantz hall basement	12,643.57	
55345BRP	BRTC	Remodel for MN Care Offices	59,747.40	
55358SRP	SPRTC	Asbestos Abate kitchen water lines	31,500.00	
55364SRP	SPRTC	Repair MSH showers	4,540.73	
55356SRP	SPRTC	Add AC for VOIP project administration	750.00	
55361AKP	AMRTC	Replace resident buildings door hardware	17,460.00	
55368SRP	SPRTC	Evaluate Campus Elevators	10,400.00	
55204SRP	SPRTC	Convert to low pressure boiler	5,757.58	
55374AKP	AMRTC	Remove floor tile adhesive Miller Bldg	30,000.00	
55373SRL	SPRTC	Upgrade Bartlett Hall security	30,222.57	
Total				\$410,197.31
Grand Total				\$534,509.11

TABLE TWO
Projects funded in CY08 using the FY06 AP appropriations

	Location	Description	Allocation	Agency Total
Administration				
Total				\$0.00
Department of Corrections				
78728SWP	MCF-Stillwater	Re-roof dining hall building 14	371,030.00	
78668FAP	MCF-Faribault	Add emergency generator	403,097.00	
Total				\$774,127.00
Minnesota State Academies				
44084BAP	Blind Academy	Relocate Lysen Admin offices	46,000.00	
Total				\$46,000.00
Minnesota Veterans Homes				
76277MPP	Minneapolis	Study EAW & SHPO Bldg 9 demo	39,920.00	
76278MPP	Minneapolis	Abate Mold Bldg 6 wall	5,000.00	
Total				\$44,920.00
Perpich Center for Arts Education				
Total				\$0.00
Department of Human Resources				
Total				\$0.00
Grand Total				\$865,047.00

TABLE THREE
Projects funded in CY08 using the FY08 AP appropriations

	Location	Description	Allocation	Agency Total
Administration				
Total				\$0.00
Department of Corrections				
78726OPP	Oak Park Heights	Upgrade perimeter security system	1,676,000.00	
78668FAP	Faribault	Install emergency generator	213,789.00	
78734LLP	Lino Lakes	Replace roof on E-bldg and H-bldg	510,000.00	
78736FAP	Faribault	Study Willow Roof	2,500.00	
78728SWP	Stillwater	Reroof Bldgs 13, 14 & 15	500,000.00	
78737SWP	Stillwater	Convert old seg. to offender programming	850,000.00	
78500FAP	Faribault	Asbestos abatement of Redwood Bldg	327,611.27	
78725OPP	Oak Park Heights	Upgrade ventilation in CX1,2,3,4,5,6 & 7	2,440,000.00	
Total				\$6,519,900.27
Minnesota State Academies				
44085FAP	Faribault	Sidewalk and step replacement	50,000.00	
44086BAP	Blind Academy	Replace Noyes Hall carpet	25,000.00	
44084BAP	Blind Academy	Remodel for relocation of Lysen Admin Office	500,000.00	
Total				\$575,000.00
Minnesota Veterans Homes				
76249SBP	Silver Bay	Upgrade generator	400,000.00	
76279MPP	Minneapolis	Remodel bldg 15, 18 & warehouse for life safety & egress	523,013.00	
76282MPP	Minneapolis	Study energy improvements	50,000.00	
76254FFP	Fergus Falls	Fencing	115,000.00	
76252HAP	Hastings	Repair storm water drainage	100,000.00	
75008SBP	Silver Bay	Upgrade concrete and road	37,637.00	
76208HAP	Hastings	Upgrade water filtration system	400,000.00	
75010HAP	Hastings	Remove rock at rear of bldg 23	30,000.00	
76250LNP	Luverne	Replace generator	300,000.00	
75014FFP	Fergus Falls	Repair exterior building 3	8,000.00	
Total				\$1,963,650.00
Perpich Center for Arts Educ.				
25050GVP	Golden Valley	Repair sidewalks and roads	130,000.00	
25051GVP	Golden Valley	Install security fence at south end	92,300.00	
25052GVP	Golden Valley	Install drain tile at East wing Admin	132,700.00	
Total				\$355,000.00
Department of Human Resources				
Total				\$0.00
Grand Total				\$9,413,550.27

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

APPENDIX 2

Laws affecting Asset Preservation Account Projects

The LAWS of 2008, Chapter 179, Section 31 (HF 380)

Sec. 31. Minnesota Statutes 2006, section 16B.335, subd. 2, is amended to read:

Subd. 2. **Other projects.** All other capital projects for which a specific appropriation is made must not proceed until the recipient undertaking the project has notified the chair of the senate Finance Committee, the chair of the house Capital Investment Committee, and the chair of the house Ways and Means Committee that the work is ready to begin. Notice is not required for capital projects needed to comply with the Americans with Disabilities Act, for asset preservation projects to which section 16A.307 applies, or for projects funded by an agency's operating budget or by a capital asset preservation and replacement account under section 16A.632, or a higher education capital asset preservation and ~~renewal~~ replacement account under section 135A.046.