

07 - 0079



ASSET PRESERVATION SUMMARY REPORT

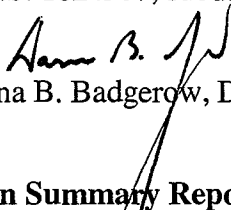
Department of Administration

January 2007



DATE: January 12, 2007

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

FROM: 
Commissioner Dana B. Badgerow, Department of Administration

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.

c: Governor Tim Pawlenty
Legislative Reference Library (6)

Attachment: Distribution list

Asset Preservation Summary Report Distribution:

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

The Honorable Richard Cohen, Chair
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Room 121 State Capitol

The Honorable Don Betzold, Chair
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The Honorable Phyllis Kahn, Chair
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**ASSET PRESERVATION
SUMMARY REPORT**

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
State Architect's Office
Voice 651.201.2399
Fax 651.296.7650**

Cost to prepare this report: \$600

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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 Department of Administration received \$5 million in AP funding in FY06. Of that amount, \$4,775,000 has been assigned to projects that are underway.

At this time, the Department of Administration does not anticipate requesting Asset Preservation funding in the FY07 Legislative session.

TABLE ONE**Department of Administration Projects funded in CY06 using the FY06 AP appropriation**

Location	Project Description	Allocation
Minnesota History Center	Partial roof replacement	\$1,929,000
Capitol Complex	Peace Officer Memorial	\$150,000
Administration Building	Abate and renovate 1 st floor and former Treasury Office on 3 rd floor	\$2,091,000
Centennial Office Building	Replacement of air handlers	\$500,000
Governor's Residence	Installation of new fire alarm system	\$105,000
Total:		\$4,775,000

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.

Subdivision 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

