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ASSET PRESERVATION
SUMMARY REPORT
Department of Natural Resources

January 2008

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Cost to prepare this report: \$600

DATE: January 15, 2008

TO: Mr. Tom Hanson, Commssioner
Department of Finance

FROM: Mark Holsten, Commissioner
Department of Natural Resources

SUBJECT: **Asset Preservation
Summary Report**

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

Enclosures

c: Governor Tim Pawlenty
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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 Natural Resources received \$2 million in Asset Preservation funding in FY06. Of that amount, \$1,750,888 has been used for roofing, building envelop, mechanical and electrical, plumbing and septic, and interior projects in 2007 at 20 State Parks, 4 Wildlife Management Areas, 3 hatcheries, 2 regional offices, 9 Field Offices, and 1 Enforcement boat lift. The Department of Natural Resources uses the Asset Preservation funds in addition to operating funds to maintain its buildings in a safe and code complaint manner.

DNR FACILITIES SUMMARY

The Department of Natural Resources operates and maintains 3.2 million square feet of space in 2676 buildings across the state; the average age of the buildings is 36 years. These facilities are valued at over \$406 million and have asset renewal needs of \$24 million. This does not include the value or asset renewal needs of the related site infrastructure.

PRIORITY PROJECTS FOR 2008 REQUEST

The Department of Natural Resources anticipates requesting \$2 million of additional Asset Preservation funding in the FY08 Legislative session. Projects will be funded based on a priority basis, with projects addressing safety and code needs at the top of the list, followed by building envelop, programmatic, and energy upgrade needs.

TABLE ONE**Department of Natural Resources Projects funded in CY07 using the FY06
Asset Preservation Appropriation**

Site Location	Project Description	AP Funds
Afton State Park	Ventilation Picnic San Vault	\$10,620
Big Stone Lake State Park	Update lighting, replace windows and siding	\$24,426
Blue Mounds State Park	Floor and roof replacements	\$55,033
Camden State Park	Mechanical, electrical, structural repairs and replacement; re-roof 4 buildings	\$82,305
Carlos Avery WMA	Siding, roof, door, and window replacement	\$169,920
Eveleth Multi-discipline	Roof and overhead door replacements	\$84,960
Finland Multi-discipline	Exterior Rehab	\$13,806
Flandrau State Park	Roof and mechanical replacements	\$31,329
Fort Ridgely State Park	Roof, siding, mechanical, septic system replacement	\$77,526
Glendalough State Park	Replace septic system	\$21,240
Hutchinson Field Office	Security, safety, and window replacement	\$41,418
Itasca State Park	Mechanical, roof, and envelope replacement/repair	\$191,160
Kilen Woods State Park	Roof and mechanical replacements	\$22,833
Lac Qui Parle Field Office/State Park	Overhead door, cold storage, and mechanical system replacement	\$62,658
Lake Shetek State Park	Historic renovation and kitchen repair	\$18,054
Madelia Wildlife Research	Roof Replacement	\$10,620
Mille Lacs Kathio State Park	Camper cabin roof replacement	\$10,620
Minneopa State Park	Interior Upgrade - Gr. Cp.	\$26,550
Minnetonka Boat Landing	Structural Repair for boat lift	\$5,310
Monson Lake State Park	Fireplace Roof Flashing Repair-Picnic Sh.	\$2,655
Myre Big Island State Park	Structural, mechanical, and electrical repairs, roofing replacements	\$42,480
Nerstrand Big Wood State Park	Roof and overhead door replacement	\$13,806
New London Hatchery	Roof, update lighting, replace windows, siding and overhead doors	\$62,658
Ortonville Fisheries Office	Underground Storage Tank Removal	\$5,310
Red Lake WMA	Replace storage building	\$106,200
Region 2 Hq (Grand Rapids)	Elevator Upgrade	\$18,054
Region 4 Hq (New Ulm)	Air Conditioning Replacement	\$31,860

Rice Lake Field Office/State Park	Mechanical and envelope replacement/repair	\$10,620
Sakatah Lake State Park	Roof, envelope replacement/repair	\$16,833
Sibley State Park	Roof 7 cabins, 2 San, Bldgs., water tower, siding mechanical, electrical, 8 service doors & 2 septic tanks	\$281,430
Spicer Field Office	Bituminous Parking Lot Repairs	\$26,550
Split Rock Creek State Park	Siding/Changing Room Repairs-Beach House	\$10,620
Talcot WMA	Metal Roof , mechanical and overhead doors	\$10,620
Tower Field Office	Foundation Water Drainage	\$24,426
Two Harbors Field Office	Repair Sunken Front Sidewalk, Raise Rear	\$13,806
Upper Sioux Agency State Park	Replace Cold Storage Building (Historic)	\$10,620
Warroad Field Office	Replace enforcement boathouse	\$26,550
Waterville Hatchery	Floor Tile Asbestos Abatement and metal roof replace.	\$53,100
William O'Brien State Park	Sky light replacement roofing	\$22,302
Grand Total		\$1,750,888

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