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**DATE:** January 8, 2010

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

**FROM:** *Sheila M. Reger*  
Sheila M. Reger, Commissioner

**SUBJECT:** **Asset Preservation Summary Report for Calendar Year 2009**

Pursuant to Minnesota Statutes 16B.307, subd. 2, enclosed is the Asset Preservation (AP) Summary Report. This report lists projects funded from AP appropriations during calendar year 2009.

c: Governor Tim Pawlenty  
Legislative Reference Library (2)

Enclosures

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## **Asset Preservation Summary Report Distribution:**

Tom Hanson, Commissioner  
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# **ASSET PRESERVATION SUMMARY REPORT**

**Department of Administration**

January 2010

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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**  
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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 for preservation of Capitol Complex buildings and infrastructure in the amount of \$2.5 million in FY05 and \$5 million in FY06. Of these appropriations, FY05 has \$14,916 unspent and FY06 has \$1,258,912 unspent. The Department of Administration is requesting \$16.7 million for Asset Preservation funding in the 2010 Legislative session.

The Department of Administration is appropriated AP fund appropriations on behalf of other state agencies. The following is a summary of AP funds appropriated in FY 2005, 2006, 2008 and 2009 that have been expended on projects in calendar year 2009. The attached Tables One and Two list specific projects that were funded.

FY2005	Department of Administration	\$ 0.00
	Perpich Center for Arts Education	\$ 22,478.00
	Minnesota State Academies	\$ 0.00
	Department of Human Services	\$ 666,585.20
	Minnesota Veterans Homes Board	\$ 0.00
	Department of Corrections	\$ 32,972.69
FY2006	Department of Administration	\$ 0.00
	Perpich Center for Arts Education	\$ 29,294.26
	Minnesota State Academies	\$ 201,905.36
	Department of Human Services	\$ 0.00
	Minnesota Veterans Homes Board	\$ 228,743.92
	Department of Corrections	\$ 0.00
FY 2008	Perpich Center for Arts Education	\$ 7,384.68
	Minnesota State Academies	\$ 918,373.63
	Department of Human Services	\$ 106,628.40
	Minnesota Veterans Home Board	\$2,475,984.06
	Department of Corrections	\$6,039,845.68
FY2009	Department of Human Services	\$ 0.00
	Minnesota Veterans Home Board	\$ 0.00
	Department of Corrections	\$2,835,351.00

**TABLE ONE**  
**Projects funded in CY09 using the FY05 AP appropriations**

	Location	Description	Allocation	Agency Total
<b>Administration</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Department of Corrections</b>				
<b>78500FAL</b>	MCF-Faribault	Tunnel abatement	32,972.69	
<b>Total</b>				<b>\$32,972.69</b>
<b>Minnesota State Academies</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Minnesota Veterans Homes</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Perpich Center for Arts Educ.</b>	Golden Valley			
<b>25048GVP</b>	PCAE	Gaia load bearing structure	22,478.00	
<b>Total</b>				<b>\$22,478.00</b>
<b>Department of Human Resources</b>				
<b>55375BRP</b>	BRTC	Replace patient room doors Bldg 21	76,244.00	
<b>55376SRP</b>	SPRTC	Asbestos abate pipes in Halvorson House	2,130.01	
<b>55379SRP</b>	SPRTC	Upgrade locks at Bartlett & Johnson	11,630.25	
<b>55381BRL</b>	SPRTC	Upgrade code compliance	77,658.82	
<b>55387SPP</b>	AMRTC	Como Ave Apts. structural stability	370,000.00	
<b>55388SRP</b>	SPRTC	Abate Johnson Hall & Old Center	9,198.82	
<b>55389MLP</b>	MLRTCP	Replace loading dock	59,723.30	
<b>55362BLP</b>	SOCS	Renovate Bloomington Apt. Bldg.	60,000.00	
<b>Total</b>				<b>\$666,585.20</b>
<b>Grand Total</b>				<b>\$722,035.89</b>

**TABLE TWO**  
**Projects funded in CY09 using the FY06 AP appropriations**

	<b>Location</b>	<b>Description</b>	<b>Allocation</b>	<b>Agency Total</b>
<b>Administration</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Department of Corrections</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Minnesota State Academies</b>	Faribault			
<b>44093BAP</b>	Blind Academy	Install Lysen-Gillen HVAC work platform	50,000.00	
<b>44094FAP</b>	State Academies	Upgrade main fire panel display	8,970.61	
<b>44095DAP</b>	Deaf Academy	replace doors for enhanced security	63,968.86	
<b>44096FAP</b>	State Academies	Replace sidewalks to improve safety/ADA	78,965.89	
<b>Total</b>				<b>\$201,905.36</b>
<b>Minnesota Veterans Homes</b>				
<b>75016FFP</b>	Fergus Falls	Install north exterior fence	46,165.00	
<b>76265HAP</b>	Hastings	AP repairs on Bldg 23	182,578.92	
<b>Total</b>				<b>\$228,743.92</b>
<b>Perpich Center for Arts Education</b>	Golden Valley			
<b>25052GVP</b>	PCAE	Install drain tile at east wing Admin	29,294.26	
<b>Total</b>				<b>\$29,294.26</b>
<b>Department of Human Resources</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Grand Total</b>				<b>\$459,943.54</b>



**TABLE THREE**  
**Projects funded in CY09 using the FY08 AP appropriations**

	<b>Location</b>	<b>Description</b>	<b>Allocation</b>	<b>Agency Total</b>
<b>Administration</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Department of Corrections</b>				
78760SWP	Stillwater	replace cell block B lock controls	159,320.00	
78762LLP	Lino Lakes	Replace K3, K4, L1, L2 roofs	549,000.00	
78763SWP	Stillwater	Install 2 sewage grinders	54,410.48	
78765FAP	Faribault	Replace Roger Bldg roof	750,000.00	
78766FAP	Faribault	Repair water tower (on hold)	635,000.00	
78767THP	Thistledeew Camp	Install siding and insulation on gym	68,320.00	
78769RWP	Red Wing	Replace Industry soffit/fascia	412,000.00	
78775SCP	St. Cloud	Update pre-design for perimeter security	5,000.00	
78778RWP	Red Wing	Replace Grinnel transformer/H2O line	50,000.00	
78779OPP	Oak Park Heights	Update Core Bldg Systems	13,000.00	
78764SWP	Stillwater	Repair water tower	490,000.00	
78777SWP	Stillwater	Replace kitchen exhaust hood	441,611.75	
78771SCP	St. Cloud	Replace Kitchen main sewer	115,000.00	
78772SCP	St. Cloud	Replace low pressure steam line	184,710.45	
78748FAP	Faribault	Replace Seg control panel	186,000.00	
78789MLP	Moose Lake	Re-roof building 4	174,370.00	
78790FAP	Faribault	Relocate emergency generator	200,000.00	
78788MLP	Moose Lake	Remodel Industry Bldg #84	250,000.00	
78747LLP	Lino Lakes	Upgrade visitation room	96,000.00	
78797THP	Thistledeew Camp	Replace siding on boys dorm and remove 8 skylights in gym	62,000.00	
78798THP	Thistledeew Camp	Re-roof staff quarters	21,000.00	
78803OPP	Oak Park Heights	Replace facility door intercom	270,700.00	
78804SWP	Stillwater	Replace dining hall MUA unit	300,000.00	
78774SCX	St. Cloud	Replace water lines in gym tunnel	145,000.00	
78817MLP	Moose Lake	Replace power house windows	57,403.00	
78812LLP	Lino Lakes	Upgrade water tower	170,000.00	
<b>Total</b>				<b>\$6,039,845.68</b>
<b>Minnesota State Academies</b>				
44099BAP	Blind Academy	Install emergency generator	850,000.00	
44091DAP	Deaf Academy	Pollard Hall abatement	41,077.63	
44096DAP	Deaf Academy	Replace sidewalks	12,000.00	
44095DAP	Deaf Academy	replace doors for enhanced security	15,296.00	
<b>Total</b>				<b>\$918,373.63</b>

<b>TABLE THREE</b>	Cont.			
<b>Projects funded in CY09 using the FY08 AP appropriations</b>				
	<b>Location</b>	<b>Description</b>	<b>Allocation</b>	<b>Agency Total</b>
<b>Minnesota Veterans Homes</b>				
76270MPP	Minneapolis	Roof building #6	480,000.00	
75015SBP	Silver Bay	replace boiler parts	40,903.46	
76265HAP	Hastings	AP Repairs on Bldg 23 abatement	10,050.00	
75018HAP	Hastings	Replace roofs bldg. 20,23 & 33	310,600.00	
76280SBP	Silver Bay	renovation	220,000.00	
76242FFL	Fergus Falls	21 Bed Special Care	300,000.00	
75019MPP	Minneapolis	Plan campus controls	8,500.00	
75020MPP	Minneapolis	Repair 2 high pressure boilers	20,000.00	
75012HAP	Hastings	fixed asset repairs	30,000.00	
76278MPP	Minneapolis	building 6 mold abatement	45,000.00	
76281MPL	Minneapolis	Replace HVAC in building 17	52,250.00	
75023MPP	Minneapolis	study campus infrastructure	45,000.00	
75024MPP	Minneapolis	upgrade Wabun Park road	300,000.00	
75025MPP	Minneapolis	remove acm from bldg 16 HVAC	44,180.60	
75026HAP	Hastings	Replace concrete drives & curbs	37,000.00	
75028MPP	Minneapolis	Study generator capacity	420,000.00	
75030MPP	Minneapolis	relocate lock & dam electric line	40,000.00	
75029HAP	Hastings	Repair water tower circulation	20,000.00	
76248MPP	Minneapolis	north parking lot drainage	20,000.00	
75032HAP	Hastings	Study fire alarm system	20,000.00	
75033MPP	Minneapolis	Study water heater draft	2,500.00	
75034MPP	Minneapolis	Repair deep tunnel condensate line	10,000.00	
	<b>Total</b>			<b>\$2,475,984.06</b>
<b>Perpich Center for Arts Educ.</b>				
25056GVP	Golden Valley	Asbestos abate coverings in GAIA	2,384.68	
25057GVP	Golden Valley	Evaluate storm sewer	5,000.00	
	<b>Total</b>			<b>\$7,384.68</b>
<b>Department of Human Resources</b>				
55391SRP	Sprtc	Clean Johnson Hall Duct	52,713.20	
55392SRP	SPRTC	Upgrade boiler burners in Power Plant	25,000.00	
55393SRP	SPRTC	Evaluate various elevators on campus	21,000.00	
55397SRP	SPRTC	Asbestos abate Shantz floor tile	7,915.20	
	<b>Total</b>			<b>\$106,628.40</b>
	<b>Grand Total</b>			<b>\$9,548,216.45</b>

**TABLE FOUR**  
**Projects funded in CY09 using the FY09 AP appropriations**

	<b>Location</b>	<b>Description</b>	<b>Allocation</b>	<b>Agency Total</b>
<b>Administration</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Department of Corrections</b>				
<b>78809RWP</b>	Red Wing	Repair/Replace AP projects	488,000.00	
<b>78805SCP</b>	St. Cloud	Replace AHU coils in E house	120,000.00	
<b>78808FAP</b>	Faribault	Replace power plant doors and windows	425,000.00	
<b>78817MLP</b>	Moose Lake	Replace power house windows	86,741.00	
<b>78816FAP</b>	Faribault	Replace Pine building roof	510,000.00	
<b>78815MLP</b>	Moose Lake	Test sewer system and add grinder	80,000.00	
<b>78810MLP</b>	Moose Lake	Replace Bldg 1, 2 & 3 roofs	523,110.00	
<b>78826LLP</b>	Lino Lakes	Replace roof on J1 & J2	300,000.00	
<b>78769RWP</b>	Red Wing	Replace soffit and fascia on Industry Bldg	302,500.00	
<b>Total</b>				<b>\$2,835,351.00</b>
<b>Minnesota Veterans Homes</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Department of Human Resources</b>				
<b>Total</b>				<b>\$0.00</b>
<b>Grand Total</b>				<b>\$2,835,351.00</b>

## **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.