



**DEPARTMENT OF
ADMINISTRATION**

DATE: January 9, 2017

TO: Myron Frans, Commissioner, Minnesota Management & Budget
Legislator Committee Chairs, per Minnesota Statute 16B.307, subdivision 2
(Distribution list attached)

FROM: Matt Massman  Commissioner

SUBJECT: Asset Preservation (AP) Summary Report for Calendar Year 2016

Pursuant to Minnesota Statutes 16B.307, Subdivision 2, enclosed is the Asset Preservation (AP) Summary Report. This report is a list of projects funded by AP appropriations during calendar year 2015.

Enclosures

c: Governor Mark Dayton
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ASSET PRESERVATION SUMMARY REPORT

Asset Preservation
Summary Report
For Calendar Year 2016

January 2017

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Department of Administration
Real Estate and Construction Services
Voice 651-201-2550
Fax 651-215-6245

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 (AP) shall submit:

- A list of the projects in each agency funded from Asset Preservation appropriations during the preceding calendar year; and
- A list of priority projects for which an AP appropriation will be sought.

Historic Asset Preservation Requests and Appropriations

The Department of Administration (Admin) maintains a database of over 5,500 state-owned buildings as required by Minnesota Statutes 16A.633). The Enterprise Real Property Program (ERPP) was created by the legislature with the intent that the program assist state agencies to consistently inventory and rate the condition of all state-owned property. While the creation of an enterprise property database enhanced the ability of agencies to evaluate and prioritize asset preservation needs, the ability to fully leverage that data and ERPP to ensure best practices in state property asset management is greatly limited by the limited staff capacity, which currently amounts to 1.0 FTE.

The uniform facility condition assessments completed by state agencies, under the oversight of the ERPP, identifies a backlog of over \$1.2 billion in deferred maintenance needs in state buildings. That amount does not include the deferred maintenance and asset preservation needs at Minnesota State Colleges and Universities (MnSCU) and the University of Minnesota (UMN). Further, the ERPP data reflects how delaying needed property maintenance can result in higher costs as facility conditions continue to decline. For example, restoring a building from “average” condition to “excellent” condition costs \$58 per square foot, while the cost \$208 per square foot to restore a building from “crisis” condition to “excellent” condition.

There is perhaps no better example of the need to properly maintain state properties than the soon to be completed Minnesota State Capitol Restoration Project. The \$310 million project represents the single largest asset preservation project in state history that did not get underway until well after exterior marble deterioration and damage due to water intrusion began causing safety hazards. Regular, predictable investment is critical to ensure that buildings are adequately maintained and state property is cared for to maximize the investment that has already been made in state owned facilities.

Below is a summary of Admin’s asset preservation appropriations.

Funding summary

The Department of Administration has received the following asset preservation funding for the preservation of Capitol Complex buildings and infrastructure:

- \$2.5 million in Fiscal Year 2005 (FY05)
- \$5 million in FY06
- \$0.00 in FY08
- \$8.075 million in FY10
- \$8.15 million in FY11
- \$0.500 million in FY12
- \$0.00 in FY14

The Department of Administration also receives and manages asset preservation appropriations on behalf of other state agencies that operate state facilities and create the funding requests. The following table contains a summary of asset preservation funds appropriated in 2011, 2012, and 2014 that have been expended on projects during calendar year 2016. The attached Tables 1, 2 and 3 list the specific projects that received funding (those amounts differ from the table below because the full funding amounts have not yet been expended).

Asset Preservation expenditures by agency during Calendar Year 2016

Fiscal Year of Appropriation	Name of Agency	Amount Expended
2011	Department of Administration	\$387,521.85
	Department of Corrections	\$2,173,695.45
	Department of Human Services	\$2,701,274.07
	Department of Veterans Affairs	\$15,529.05
	Minnesota State Academies	\$415,161.80
2012	Department of Administration	\$224,807.20
	Department of Corrections	\$1,647,065.44
	Department of Human Services	\$978,365.36
	Department of Veterans Affairs	\$207,353.61
	Minnesota State Academies	\$87.09
2014	Department of Corrections	\$1,805,433.26
	Department of Human Services	\$0.00
	Department of Veterans Affairs	\$116,614.48
	Minnesota State Academies	\$110,220.64
	Perpich Center for Arts Education	\$182,920.37

Priority Projects for which Asset Preservation Funding will be sought

All Agencies submitted their final 2016 asset preservation funding requests to Minnesota Management and Budget and the Governor submitted bonding recommendations to the legislature on the first day of the 2016 legislative session. No capital investment legislation or asset preservation funding was enacted in 2016.

Subsequently, the Governor again submitting bonding recommendations, including requests for asset preservation funding, to the legislature on the first day of the 2017 legislative session. All requests are posted on Management and Budget's website; a link to that website is as follows: [Agency funding requests for Asset Preservation appropriations](#) .

Table One**Projects funded in Calendar Year 2016 using the Fiscal Year 2011 appropriations (\$36.31 million total appropriated)**

Agency and Project Number	Location	Description	Amount
Corrections			
78OP0024	Oak Parks Height	Upgrade Elevators to Code	418,762.50
78RW0027	Red Wing	Repair Admin Bldg Tower	221,319.45
78SH0029	Shakopee	Replace Core Bldg HVAC Pumps	11,702.00
78RW0029	Red Wing	Repair Centennial Hall Chimney	6,930.00
78ML0061	Moose Lake	Study Normal and Emergency Power Systems	15,000.00
78 TH 0026	Thistledew/Togo	Install Kitchen Grease Trap	4,500.00
78SW0034	Stillwater	Update Kitchen Dish Machine Area	456,803.55
Agency Total			1,135,017.50
Human Services			
55BR0018	Brainerd	Upgrade B22 Fire Alarm	74,128.00
55BR0019	Brainerd	Tuckpoint Bldgs 18, 20, 21 and 22	106,646.80
55AK0022	Anoka	Upgrade Miller Dietry HVAC	105,565.00
55BR0020	Brainerd	Upgrade Bldg 21 Fire Alarm	59,878.00
55SR0063	St. Peter	Upgrade Admin Elevator to Code	166,001.40
55SR0064	St. Peter	Abate Old Center 3 rd Floor	42,650.60
55SR0040	St. Peter	Upgrade Green Acres Elevator	116,876.50
55SR0049	St. Peter	Upgrade Sunrise Elevator	118,000.00
55SR0067	St. Peter	Study Kitchen HVAC	8,900.00
55FM0001	CBS Farmington	Replace Donnelly Roof	17,812.00
55LV0001	CBS Richfield	Replace Jonquil Roof	19,286.00
55RI0001	CBS Richfield	Replace 6637 4 th Ave Roof	12,121.00
55EP0002	CBS Eden Prairie	Replace Dell Rd Roof	21,195.00
55BL0003	CBS Bloomington	Replace Bloomington ICF Roof	21,253.00
55BP0003	CBS Brooklyn Park	Replace 89 th Crescent Roof	14,146.00
55BP0002	CBS Brooklyn Park	Replace 91 st Crescent Roof	16,756.00
55BP0001	CBS Brooklyn Park	Replace Prestwick Roof	14,540.00
55CH0001	CBS Champlin	Replace Dean Ave Roof	14,234.00
55GV0001	CBS Golden Valley	Replace Scott Ave Roof	15,217.00
55RF0003	CBS Redwood Falls	Replace Baker Drive Roof	16,229.00
55KA0001	CBS Kasson	Replace Kasson Roof	21,389.00
55FA0002	CBS Faribault	Replace Shumway Roof	21,293.00

Agency and Project Number	Location	Description	Amount
55FA0003	CBS Faribault	Replace 7 th Ave Roof	12,936.00
55FA0004	CBS Faribault	Replace 3 rd St Roof	14,151.00
55FA0005	CBS Faribault	Replace Park Ave Roof	14,486.00
55MA0001	CBS Mahnomen	Replace Mahnomen Roof	13,813.00
55VR0001	CBS Virginia	Replace Virginia Roof	25,221.00
Agency Total			1,104,724.30
State Academies			
44FA0024	Faribault	Replace PVI Water Heaters	5,840.00
Agency Total			5,840.00
Grand Total-All Agencies			\$2,245,581.80

Table Two**Projects funded in Calendar Year 2016 using the Fiscal Year 2012 appropriations (\$11.5 million total appropriated)**

Agency and Project Number	Location	Description	Amount
Administration			
02CP0068	Capitol Complex	Repair Centennial Ramp	-500,000.00
02CB0015	Capitol Building	Repair Copper Roof	500,000.00
Agency Total			0.00
Human Services			
55RO0001	CBS Rochester	Replace Rochester ICF Roof	22,866.00
55AK0019	Anoka	Tuckpoint Miller Bldg	12,866.00
55AK0021	Anoka	Replace PP Boiler Tubes	46,200.00
55SR0040	St. Peter	Abate Green Acres West	106,700.83
55SR0049	St. Peter	Abate Sunrise East	111,165.48
55SR0065	St. Peter	Replace Admin Fire alarm	100,000.00
55SR0067	St. Peter	Install New Oven	20,500.00
55SR0058	St. Peter	Replace No 6 Oil System	63,350.00
Agency Total			483,648.31
Grand Total-All Agencies			\$483,648.31

Table Three**Projects funded in Calendar Year 2016 using the Fiscal Year 2014 appropriations (\$13.2 million total appropriated)**

Agency and Project Number	Location	Description	Amount
Corrections			
78SC0057	St. Cloud	Repair Industry Basement Water Intrusion	21,945.00
78SC0059	St. Cloud	Replace Dishwasher	273,000.00
78TH0025	Thistledeew/Togo	Abate Gym Floor Tile	37,418.75
78TH0026	Thistledeew/Togo	Install Kitchen Grease Trap	36,500.00
78TH0027	Thistledeew/Togo	Repair Laundry Hot Water	5,000.00
78LL0029	Lino Lakes	Pre-design TRIAD Plumbing	25,000.00
78LL0030	Lino Lakes	Replace Fire Alarm Panel	47,500.00
78SW0041	Stillwater	Repair Air Quality Issues	7,961.74
78SW0054	Stillwater	Repair B-26 R-Shop Steam Leak	157,000.00
78FA0047	Faribault	Replace Sierra So Steam Pipes	156,500.00
78FA0050	Faribault	Replace Laundry Bldg Roof	30,000.00
78ML0023	Moose Lake	Upgrade Water Tower and Controls	1,123.43
78ML0063	Moose Lake	Study Well #2 Water Pump	3,800.00
78WR0006	Willow River	Replace 2 CIP Boilers	22,275.00
78SH0033	Shakopee	Study Emergency Generator	5,000.00
78RW0027	Red Wing	Repair Admin Bldg Tower	64,680.55
Agency Total			894,704.47
State Academies			
44FA0025	Faribault	Repair Roads and Sidewalks	85,000.00
Agency Total			85,000.00
Perpich Center for Arts Educ			
25GV0027	Golden Valley	Replace Fire Alarm Controls	125,000.00
Agency Total			125,000.00
Grand Total-All Agencies			\$1,104,704.47