

DATE: January 15, 2018

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 2017**

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 2017.

cc: Governor Mark Dayton
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**DEPARTMENT OF
ADMINISTRATION**

ASSET PRESERVATION SUMMARY REPORT

Asset Preservation
Summary Report
For Calendar Year 2017

January 2018

This document is in accessible format and can also be made available in alternative formats, such as large print, Braille, or audio tape or disk upon request at TTY 1-800-627-3529 or by contacting:

**Department of Administration
Real Estate and Construction Services**

Voice: 651-201-2550

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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 6,100 state-owned buildings as required by Minnesota Statutes 16A.633. Admin's 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, as well as to assist in strategically managing state real property assets. While the creation of an enterprise property database enhanced the ability of agencies to evaluate and prioritize asset preservation needs, leveraging that data and ERPP framework to ensure best practices in state property asset management is greatly restrained by limited staff capacity, which currently amounts to 2.0 FTE.

The state has an \$850 million in deferred maintenance backlog for state-owned properties and a \$1.96 billion need to keep up with aging systems for a total asset preservation need of \$2.81 billion. That amount does not include the deferred maintenance and asset preservation needs at Minnesota State (formerly MnSCU) and the University of Minnesota (UMN). Further, the ERPP data reflects that delaying needed property maintenance results in higher costs to restore and maintain buildings in an optimal condition. For example, preventative maintenance for a building that is in "average" condition costs \$58 per square foot, while the cost to restore a building that has declined to "crisis" condition is about \$208 per square foot.

There is perhaps no better example of the need to properly maintain state properties than the recently completed Minnesota State Capitol Restoration Project. The \$310 million project amounted to the single largest asset preservation project in state history. By the time the project got underway the exterior marble deterioration and damage due to water intrusion was causing significant 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 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
- \$8.075 million in FY10
- \$8.15 million in FY11
- \$500,000 in FY12

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 2014 and 2017 that have been expended on projects during calendar year 2017. The attached Table One and Table Two list the specific projects that received funding.

Table One
Projects funded in Calendar Year 2017 using the Fiscal Year 2014 appropriations

Agency and Project Number	Location	Description	Amount
Corrections			
78TH0026	Thistledeew	Install Kitchen Grease Trap	52,668.08
78TH0027	Thistledeew	Repair Laundry Hot Water	5,000.00
78TH0031	Thistledeew	Repair Lift Station	29,000.00
78SW0051	Stillwater	Upgrade welding ventilation	29,000.00
78SW0054	Stillwater	Repair B-26 R-Shop Steam	157,000.00
78SH0025	Shakopee	Perimeter Security Fence	17,716.00
78SH0032	Shakopee	Mitigate Fuel Storage Tanks	65,325.00
78SH0033	Shakopee	Study Emergency Generator	5,000.00
78RW0031	Red Wing	Control Snow Load	25,000.00
78RC0023	Rush City	Add Switchgear Relays	36,000.00
78OP0026	Oak Park Heights	Replace Fire Alarm Comp'tr	35,054.00
78OP0025	Oak Park Heights	Replace Elec'l Capacitors	22,716.00
78ML0063	Moose Lake	Study Well#2 Water Pump	5,200.00
78ML0064	Moose Lake	Replace Generator Controls	301,500.00
78ML0066	Moose Lake	Study to replace PH Boiler	500.00
78ML0068	Moose Lake	Replace 2 Keewanne Boilers	75,000.00
78WR0013	Willow River	Upgrade Elec'l Switchgear	145,000.00
78LL0032	Lino Lakes	B-Building Intercomm	80,000.00
78LL0030	Lino Lakes	Replace Fire Alarm Panel	33,432.61
78LL0032	Lino Lakes	Intercom System B-Building	80,000.00
78FA0060	Faribault	Study Site Erosion	500.00
78LL0036	Lino Lakes	Repair F1-G2 Crawl Tunnel	275,000.00
78FA0050	Faribault	Laundry Bldg Roof	1,485.20
78FA0053	Faribault	Replace Inner Truck Gate	300,000.00
78FA0061	Faribault	Repair Industry Ductwork	105,000.00
Agency Total			\$1,882,096.89

Agency and Project Number	Location	Description	Amount
State Academies			
44FA0025	Faribault	Repair roads and sidewalks	75,295.00
44FA0027	Faribault	Study Central Boiler Plant	10,000.00
44DA0023	Deaf Academy	Balcony seating to code	39,000.00
44DA0024	Deaf Academy	Replace sidewalks & asphalt	63,000.00
44BA0023	Blind Academy	Replace sidewalks & asphalt	73,000.00
Agency Total			\$260,295.00
Perpich Center			
25GV0027	Golden Valley	Replace Fire Alarm Controls	285,000.00
25GV0028	Golden Valley	Abate Vinyl Tile Admin E	10,775.73
25GV0029	Golden Valley	Replace sidewalk Warehouse	30,000.00
Agency Total			\$325,775.73
Veterans Affairs			
75SB0017	Silver Bay	Remodel Exam Rooms	17,723.00
75SB0020	Silver Bay	Correct Life Safety Code	25,000.00
75LN0013	Luverne	Replace Chiller	225,000.00
75LN0015	Luverne	Upgrade Electrical	150,000.00
75LF0006	Little Falls	Replace Cemetery Asphalt	315,000.00
75HA0028	Hastings	Repair Ext Walls B23 & B25	150,000.00
Agency Total			\$882,723.00
Human Services			
55AK0022	Anoka-Metro	Upgrade Miller Dietary HVAC	141,900.00
55SR0068	St. Peter	Replace Tomlinson Roof	5,000.00
55SR0066	St. Peter	Install New Oven	34,000.00
55SR0080	St. Peter	Abate-Demo Water Softener	23,500.00
55SR0082	St. Peter	Abate Vocational Tile Floor	7,830.00
Agency Total			\$212,230.00
Grand Total			\$3,563,120.62

Table Two**Projects funded in Calendar Year 2017 using the Fiscal Year 2017 appropriations**

Agency and Project Number	Location	Description	Amount
Corrections			
78TH0035	Thistledew	Upgrade Gym Heating	90,000.00
78TH0034	Thistledew	Reroof Kitchen & CD/Services	654,000.00
78TH0033	Thistledew	Replace Gym Foyer Siding	71,000.00
78TH0032	Thistledew	Upgrade Septic System	1,000,000.00
78SW0060	Stillwater	Repair Tuckpoint Bldgs 6 & 14	750,000.00
78SW0059	Stillwater	Replace Generator Switchgear	917,000.00
78SW0058	Stillwater	Replace Condensate Rcvr Pump	340,000.00
78SH0036	Shakopee	Replace 7 Skylights Industry	80,000.00
78SH0035	Shakopee	Replace IT Network Comm Loop	519,000.00
78SH0034	Shakopee	Replace Novello Roof	400,000.00
78SH0037	Shakopee	Repair Neg Air Pressure Mead 213	25,000.00
78SC0064	St. Cloud	Reroof Auto/Mason Shops & Living Unit E	1,732,000.00
78SC0065	St. Cloud	Replace Kitchen Make up Air Unit	250,000.00
78RW0032	Red Wing	Reroof Food Service & Grinnell	600,000.00
78RC0022	Rush City	Replace Dishwasher	787,000.00
78RC0021	Rush City	Upgrade Sewage Separator	375,000.00
78OP0029	Oak Park Heights	Remodel Facility wide Showers	1,465,000.00
78ML0068	Moose Lake	Replace Powerhouse Boilers 2 & 3	1,500,000.00
78ML0071	Moose Lake	Replace Security Fence Detection	275,000.00
78ML0070	Moose Lake	Replace Unit 10 Roof	875,000.00
78ML0073	Moose Lake	Restore Sub Tunnel	730,000.00
78ML0074	Moose Lake	Replace Asphalt & Lighting	360,113.00
78LL0034	Lino Lakes	Upgrade L1 Mayo Electric-Mechanical	573,000.00
78LL0033	Lino Lakes	Upgrade Electric-Mechanical & Windows	920,000.00
78LL0031	Lino Lakes	Repair Asphalt Lots A & B	750,000.00
78LL0037	Lino Lakes	Repair Food Service Dish Room	450,000.00
78FA0058	Faribault	Upgrade Secure Controls System	750,000.00
78FA0057	Faribault	Replace Power Plant Roof	250,000.00
Agency Total			\$17,488,113.00

Agency and Project Number	Location	Description	Amount
Veterans Affairs			
75MP0066	Minneapolis	Replace B14A Ext Ped & Roll-up	60,000.00
75MP0067	Minneapolis	Replace B12A Interior Doors	60,000.00
75MP0071	Minneapolis	Repair Bldg 13 Exterior Walls	244,231.75
75MP0072	Minneapolis	Repair B13 Floor Wall Supports	152,850.24
75MP0073	Minneapolis	Finish Bldg 2 Floors	187,267.56
75MP0074	Minneapolis	Repair Tunnel Wall Leaks	488,180.00
75SB0021	Silver Bay	Replace Exterior Windows	425,000.00
75SB0022	Silver Bay	Replace Boiler	268,219.69
75SB0020	Silver Bay	Correct Life Safety Code	340,000.00
75LN0014	Luverne	Replace Interior Doors	800,000.00
75HA0030	Hastings	Upgrade B-25 HVAC	443,963.00
75HA0029	Hastings	Replace B-25 Elevator	208,014.00
75HA0027	Hastings	Repair Tunnel E Walls	295,000.00
Agency Total			\$3,972,726.24
MN State Academies	Faribault		
44BA0017	Blind Academy	Repair Pool Exterior Wall	11,130.00
44DA0025	Deaf Academy	Replace Noyes Hall Roof	100,000.00
44DA0023	Deaf Academy	Bring Balcony Seating to Code	20,000.00
44FA0029	Blind/Deaf Academy	Facility Condition Assessment	65,000.00
Agency Total			\$196,130.00
Grand Total			\$21,656,969.24

Priority Projects for which Asset Preservation Funding will be sought

All Agencies have submitted their final 2018 asset preservation funding requests to Minnesota Management and Budget. The Governor will submit recommendations to the legislature for consideration during the 2018 legislative session. All requests are posted on Management and Budget's website.