

January 25, 2011

Jim Schowalter, Commissioner
Minnesota Management & Budget
400 Centennial Office Building
658 Cedar Street
Saint Paul, MN 55155

Dear Commissioner Schowalter;

Pursuant to Minnesota Statutes 16B.307, Subdivision 2, and 84.946, Subdivision 3, enclosed is the Department of Natural Resources Asset Preservation Summary Report. This report is a list of projects funded from Asset Preservation appropriations during calendar year 2010.

Sincerely,

Tom Landwehr, Commissioner

Enclosures

c: Governor Mark Dayton
Legislative Reference Library (6)

**ASSET Preservation Summary Report
Distribution List**

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Minnesota Management and Budget
400 Centennial Office Building
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**ASSET PRESERVATION
SUMMARY REPORT**
Department of Natural Resources

January 2011

This information will be made available in alternate format,
for example, large print, Braille, or cassette tape, upon request
at TTY 651-296-5484 or by contacting

Department of Natural Resources
Voice 651-259-5500
Fax 651-297-5818

Cost to prepare this report: \$950

Natural Resource Asset Preservation and Replacement Report Executive Summary

DNR Facility and Recreational Assets:

The Department of Natural Resources operates and maintains over 3.2 million square feet of space in 2775 buildings across the state. In addition to its buildings, DNR manages and maintains the infrastructure that supports operation of its buildings, and recreational infrastructure that includes 67 State Parks, 7 State Recreation Areas, 54 Forest Recreation Areas, 8 wayside sites, 6,614 campsites, 332 miles of roads, 21 State Trails, 1,595 Boat/canoe accesses, 1,001 miles of OVH trails, 4,282 miles of water trails, 8 harbors and protected access sites, 500 bridges, and numerous fishing piers and water control structures.

Natural Resource Asset Preservation and Replacement Account (NRAPR):

The Laws of 2009, Chap. 93, Art.1, Sec. 25 established in statute, at “MS 84.946 Natural Resource Asset Preservation and Replacement”, standards for those natural resource projects that are intended to preserve and replace existing facilities. Prior to this, MS 16B.307 applied to DNR asset preservation projects. Capital expenditures for natural resource asset preservation and replacement are to be used for capital projects that support the existing programmatic mission of DNR in the areas of:

- Building and Energy: Protects assets and promotes energy conservation
 - Maintenance and repair of buildings
 - Energy efficiency improvement
- Health and Safety: Protection of the public
 - Code compliance, including ADA requirements
 - Hazardous materials abatement
- Conservation: Assures natural resource management results
- Recreation: Increases participation in outdoor activities
 - Maintenance and repair of recreational infrastructure

MS 84.946 Subd.3 states that the commissioner must submit by January 15 of each year:

1. A list of projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during the preceding calendar year.
2. A list of those priority projects for which natural resources asset preservation funding and replacement appropriations will be sought in that year’s legislative session.

Project Report Summary:

Asset Preservation Funding Summary:

In the past several years, the Department of Natural Resources received direct appropriations for asset preservation as follows: FY05, \$2M; FY06, \$2M; FY08 \$1M, FY09 \$1M, and FY10 \$1M.

In addition, in FY11, \$364,324 was transferred from other DNR 2006 appropriations:

The Laws of 2006, Chapter 258, Section 7, Subd. 2 states:

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, other than an appropriation for flood hazard mitigation, is available for asset preservation. Minnesota Statutes, section 16A.342, applies from the date of the original appropriation to the unspent amount transferred.

Pursuant to the above, the following amounts were transferred to asset preservation:

\$2500 Subd. 18 State park Infrastructure & Rehab – Monson Lake

\$1900 Subd. 19 St. Park Buildings Construction & Rehab

\$268,000 Subd 21 State Trail Acquisition & Development

- Blufflands (\$75,000)
- Cuyuna (\$13,800)
- Heartland (\$25,000)
- Mill Town (\$4,200)
- Paul Bunyan (\$150,000)
- Goodhue Pioneer (\$41,924)
- Casey Jones Trail (\$50,000)

Projects Funded with AP Appropriations in CY10:

In CY10, DNR funded the following projects with the FY10 Asset Preservation appropriation: Septic system rehabs at Wild River State Park, Fort Snelling, Soudan Underground Mine, Myre Big Island State Park and R1 Headquarters, roof rehabilitation at Hill Annex Mine, Old Mill, General Andrews, Tower, Blue Mounds, building envelope at Sibley State Park, Itasca, Lake Shetek, Camden, and ADA rehabilitation at Badoura. See Table 1 for the list of projects funded.

DNR also used asset preservation appropriations from FY05, 06, and 08 for field office renovations, roofing, building envelope, mechanical, plumbing, upgrades in lighting, and interior projects at state parks, hatcheries, wildlife management areas and field offices. See Table 2 for the list of projects funded.

Projects for which Natural Resource Asset Preservation and replacement appropriations will be sought in the FY11 legislative session:

DNR anticipates making a request for Asset Preservation funding in FY11 for capital projects that support the existing programmatic mission of the department such as: Code compliance including health and safety, ADA requirements, hazardous material abatement, access improvement, air quality improvement, building energy efficiency improvements, building and infrastructure repairs as required to maintain the value of the asset, and renovation of recreational infrastructure throughout the state.

Appendix 1: MS 84.946

Appendix 2: MS 16B.307

Table One

Department of Natural Resources Projects Funded in CY10 using the FY10 Natural Resources Asset Preservation and Replacement (NRAPR)

Site Location	Project Description	AP Funds
Badoura	Roof rehab, ADA rehab & envelope Office	\$75,595
Blue Mounds State Park	Roof rehab at Picnic Shelter	\$10,000
Camden State Park	Envelope rehab at Sanitation Building	\$21,606
Fort Snelling State Park	Replace 150' of sewer lines at Chapel	\$35,986
Ft. Ridgely State Park	Rehab historic Sanitation Building	\$32,811
Ft. Ridgely State Park	Roof rehab at Picnic Shelter	\$15,000
General Andrews	Roof replacement office	\$13,421
Grand Portage State Park	Solar PV	\$26,397
Hill Annex Mine State Park	Roofs	\$40,212
Interstate State Park	Replace two vault toilets with one ADA & accessible access	\$36,482
Itasca State Park	Multiple roof replacements	\$23,185
Lake Shetek State Park	Envelop/roof rehab at Repair Shop	\$26,570
Myre Big Island State Park	Envelop/reroof rehab at Sanitation Building	\$16,151
Myre Big Island State Park	Septic Replacement	\$60,000
Old Mill State Park	Roof replacement Bath House & Picnic Shelter	\$12,000
Peterson Hatchery	Replace roof & insulate residence	\$38,715
R1 HQ	Upgrade septic system	\$3,777
R2 HQ	Parking Lot Improvements	\$69,880
R3 HQ	Basement	\$4,307
R4 HQ	Replace windows at Main Office	\$34,151
Rochester	Replace Air Handling Unit	\$67,365
Rochester	Replace hazardous storage building	\$52,730
Sandy Lake	Replace septic system	\$14,630
Sibley State Park	Envelop rehab at Group Center	\$37,000
Soudan Underground Mine State Park	Replace waste water lines	\$5,000
St. Croix State Park	Roof rehab on 10 buildings	\$49,891
Tower	Roof repair & skylights at Office	\$24,000
Various	Energy E-Gauge (Glendalough, GRB, Camden & Big Bog)	\$3,028
Wannaska	Roof replacement at Office	\$8,782
Waterville	Asbestos tile removal & replacement	\$35,000
Wild River State Park	Guest House septic system repair	\$10,400
Wild River State Park	Replace deck at the Visitor Center	\$46,928
William O'Brien State Park	Replace roof at Interpretive Center & Sanitation Bldg	\$49,000
Total Statewide Approved Asset Preservation Projects		\$1,000,000

Table Two

**Department of Natural Resources Projects Funded in CY10 using the FY05, FY06 and FY08
Asset Preservation Appropriation**

Site Location	Project Description	AP Funds
R1 HQ	Site Consolidation	\$45,795.01
Park Rapids	Site Consolidation	\$19,993.14
Itasca State Park	Renovation of Old HQ Bldg.	\$54,179.21
Afton State Park	Replace & Upgrade lighting at Trail Center	\$23,315.00
Aitkin	Replace furnaces at Office & Shop	\$5,048.00
Brainerd	Replace loading dock	\$18,099.00
Brainerd	Office Lighting to T8	\$25,000.00
Buffalo River State Park	Envelo/roof rehab on two historic buildings	\$6,490.00
Crow Wing State Park	Replace furnace	\$2,498.00
R2 HQ	Office Lighting to T8	\$1,313.83
Duluth	Replace roof on Office	\$4,981.00
Duluth	Replace 2 boilers - Study	\$500.00
Duluth	Office Lighting to T8	\$7,470.23
Elysian	Replace doors on Wayside Rest & Shop	\$18,633.45
Eveleth	Office Lighting to T8	\$3,621.31
Fergus Falls	Replace roof on Office	\$5,300.00
Finland	Replace furnace at Office	\$3,800.00
Gilbert OHV	LED lighting replacement	\$24,275.17
Hayes Lake State Park	Replace roof on Cabin	\$3,250.60
Hibbing Land & Minerals	Replace lighting with T-8 - coordinate with ceiling asbestos	\$11,092.61
Hibbing Land & Minerals	Office Lighting to T8	\$5,480.10
Hill Annex State Park	Replace OH doors at Trainstop	\$12,390.00
Hill City	Shop Lighting to T8	\$4,306.83
Hutchinson	Replace windows on the office	\$29,400.00
Jay Cooke	Shop code violation	\$3,476.20
Jay Cooke	Shop Lighting to T8	\$5,981.00
JJ WMA	Demo of Residence	\$4,989.03
Littlefork	Replace furnace at Shop	\$5,690.00
Old Mill State Park	Replace roof on Historic Mill	\$11,041.00
Savannah Portage State Park	Contact Station Lighting to T1	\$4,791.92
Savannah Portage State Park	Shop Lighting to T8	\$5,772.53
Scenic State Park	Shop Lighting to T8	\$3,904.40
Split Rock State Park	Replace furnace at Trails Center	\$13,751.00
Split Rock State Park	New circuits - trail center	\$2,976.67
Split Rock State Park	Contact Station Lighting to T8	\$3,025.22
St. Croix State Park	Interpretive Center Lighting to T8	\$2,495.00
Temperance State Park	Roof repair at Visitor's Center	\$11,500.00
Two Harbors	Shop Lighting to T8	\$6,863.56
Wannaska	Replace roof on garage	\$8,782.50
Waterville Hatchery	Replace lighting with T-8 - coordinate with ceiling asbestos	\$53,500.00
Total Statewide Approved Asset Preservation Projects		\$484,772.52

APPENDIX 1

84.946 NATURAL RESOURCES ASSET PRESERVATION AND REPLACEMENT (NRAPR).

Subdivision 1. Purpose.

The legislature recognizes that the Department of Natural Resources owns and operates capital assets that in number, size, and programmatic use differ significantly from the capital assets owned and operated by other state departments and agencies. However, the legislature recognizes the need for standards to aid in categorizing and funding capital projects. The purpose of this section is to provide standards for those natural resource projects that are intended to preserve and replace existing facilities.

Subd. 2. Standards.

(a) 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 natural resources will consult with the commissioner of management and budget to the extent necessary to ensure this and will furnish the commissioner of management and budget 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.

(b) An appropriation for asset preservation must not be used to acquire land or to acquire or construct buildings or other facilities.

(c) Capital budget expenditures for natural resource asset preservation and replacement projects must be for one or more of the following types of capital projects that support the existing programmatic mission of the department: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renovation of other existing improvements to land, including but not limited to trails and bridges.

(d) Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Subd. 3. Reporting priorities.

The commissioner of natural resources must establish priorities within its natural resource asset preservation and replacement projects. By January 15 of each year, the commissioner must submit to the commissioner of management and budget and to the chairs of the house of representatives and senate committees with jurisdiction over environment and natural resources finance and capital investment a list of the projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during the preceding calendar year as well as a list of those priority projects for which natural resource asset preservation and replacement appropriations will be sought in that year's legislative session.

History: 2009 c 93 art 1 s 25; 2009 c 101 art 2 s 109

APPENDIX 2

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