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:  $600
DATE: January 15, 2008

TO: Mr. Tom Hanson, Commissioner
    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
   Legislative Reference Library (6)
Asset Preservation Summary Report Distribution List

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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

<table>
<thead>
<tr>
<th>Site Location</th>
<th>Project Description</th>
<th>AP Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afton State Park</td>
<td>Ventilation Picnic San Vault</td>
<td>$10,620</td>
</tr>
<tr>
<td></td>
<td>Update lighting, replace windows and siding</td>
<td>$24,426</td>
</tr>
<tr>
<td>Big Stone Lake State Park</td>
<td>Roof and mechanical replacements</td>
<td>$55,033</td>
</tr>
<tr>
<td>Blue Mounds State Park</td>
<td>Mechanical, electrical, structural repairs and replacement; re-roof 4 buildings</td>
<td>$82,305</td>
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<tr>
<td>Camden State Park</td>
<td>Siding, roof, door, and window replacement</td>
<td>$169,920</td>
</tr>
<tr>
<td>Carlos Avery WMA</td>
<td>Roof and overhead door replacements</td>
<td>$84,960</td>
</tr>
<tr>
<td>Eveleth Multi-discipline</td>
<td>Roof and mechanical replacements</td>
<td>$13,806</td>
</tr>
<tr>
<td>Finland Multi-discipline</td>
<td>Roof and mechanical replacements</td>
<td>$31,329</td>
</tr>
<tr>
<td>Flandrau State Park</td>
<td>Roof, siding, mechanical, septic system replacement</td>
<td>$77,526</td>
</tr>
<tr>
<td>Eveleth Multi-discipline</td>
<td>Roof and overhead door replacements</td>
<td>$21,240</td>
</tr>
<tr>
<td>Eveleth Multi-discipline</td>
<td>Security, safety, and window replacement</td>
<td>$41,418</td>
</tr>
<tr>
<td>Hutchison Field Office</td>
<td>Roof and overhead door replacements</td>
<td>$91,160</td>
</tr>
<tr>
<td>Ilosca State Park</td>
<td>Roof and mechanical replacements</td>
<td>$22,833</td>
</tr>
<tr>
<td>Lac Qui Parle Field Office/State</td>
<td>Overhead door, cold storage, and mechanical system</td>
<td>$62,658</td>
</tr>
<tr>
<td>Park</td>
<td>replacement</td>
<td>$18,054</td>
</tr>
<tr>
<td>Lake Shetek State Park</td>
<td>Historic renovation and kitchen repair</td>
<td>$10,620</td>
</tr>
<tr>
<td>Madeia Wildlife Research</td>
<td>Roof Replacement</td>
<td>$26,550</td>
</tr>
<tr>
<td>Mille Lacs Kathio State Park</td>
<td>Camper cabin roof replacement</td>
<td>$5,310</td>
</tr>
<tr>
<td>Minneopa State Park</td>
<td>Interior Upgrade - Gr. Cp.</td>
<td>$2,655</td>
</tr>
<tr>
<td>Minnetonka Boat Landing</td>
<td>Structural Repair for boat lift</td>
<td>$42,480</td>
</tr>
<tr>
<td>Monson Lake State Park</td>
<td>Fireplace Roof Flashing Repair-Picnic Sh.</td>
<td>$13,806</td>
</tr>
<tr>
<td>Nerstrand Big Wood State Park</td>
<td>Roof and overhead door replacement</td>
<td>$62,658</td>
</tr>
<tr>
<td>New London Hatchery</td>
<td>Roof, update lighting, replace windows, siding and overhead doors</td>
<td>$5,310</td>
</tr>
<tr>
<td>Ortonville Fisheries Office</td>
<td>Underground Storage Tank Removal</td>
<td>$106,200</td>
</tr>
<tr>
<td>Red Lake WMA</td>
<td>Replace storage building</td>
<td>$18,054</td>
</tr>
<tr>
<td>Region 2 Hq (Grand Rapids)</td>
<td>Elevator Upgrade</td>
<td>$31,860</td>
</tr>
<tr>
<td>Location</td>
<td>Work Description</td>
<td>Cost</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Rice Lake Field Office/State Park</td>
<td>Mechanical and envelope replacement/repair</td>
<td>$10,620</td>
</tr>
<tr>
<td>Sakatah Lake State Park</td>
<td>Roof, envelope replacement/repair</td>
<td>$16,833</td>
</tr>
<tr>
<td>Sibley State Park</td>
<td>Roof 7 cabins, 2 San, Bldgs., water tower, siding mechanical, electrical, 8 service doors &amp; 2 septic tanks</td>
<td>$281,430</td>
</tr>
<tr>
<td>Spicer Field Office</td>
<td>Bituminous Parking Lot Repairs</td>
<td>$26,550</td>
</tr>
<tr>
<td>Split Rock Creek State Park</td>
<td>Siding/Changing Room Repairs-Beach House</td>
<td>$10,620</td>
</tr>
<tr>
<td>Talcot WMA</td>
<td>Metal Roof, mechanical and overhead doors</td>
<td>$10,620</td>
</tr>
<tr>
<td>Tower Field Office</td>
<td>Foundation Water Drainage</td>
<td>$24,426</td>
</tr>
<tr>
<td>Two Harbors Field Office</td>
<td>Repair Sunken Front Sidewalk, Raise</td>
<td>$13,806</td>
</tr>
<tr>
<td>Upper Sioux Agency State Park</td>
<td>Replace Cold Storage Building (Historic)</td>
<td>$10,620</td>
</tr>
<tr>
<td>Warroad Field Office</td>
<td>Replace enforcement boathouse</td>
<td>$26,550</td>
</tr>
<tr>
<td>Waterville Hatchery</td>
<td>Floor Tile Asbestos Abatement and metal roof replace.</td>
<td>$53,100</td>
</tr>
<tr>
<td>William O'Brien State Park</td>
<td>Sky light replacement roofing</td>
<td>$22,302</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>$1,750,888</strong></td>
</tr>
</tbody>
</table>
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