
**ASSET PRESERVATION
SUMMARY REPORT**
Department of Natural Resources

January 2010

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



TO: Mr. Tom Hanson, Commssioner
Department of Finance

FROM: Mark Holsten, Commissioner
Department of Natural Resources

SUBJECT: **Asset Preservation
Summary Report**

Pursuant to Minnesota Statutes 16B.307, Subdivision 2, and 84.946, Subdivision 3, enclosed is the Asset Preservation Summary Report. This report is a list of projects funded from Asset Preservation appropriations during calendar year 2009.

Enclosures

c: Governor Tim Pawlenty
Legislative Reference Library (6)

**Asset Preservation Summary Report
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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 2700 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. 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:

1. Projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during CY09:

The Department of Natural Resources received \$1million in Natural Resource Asset Preservation and Rehabilitation funding in FY09. All of the funds were expended; work included installation of a geothermal system and new roof at the DNR Regional Office in New Ulm, building envelop and roof rehabilitation at Itasca, Old Mill, and St. Croix State Parks and the Glenwood Hatchery; mechanical, electrical and plumbing work at Fort Snelling State Park and the DNR Regional Office in Grand Rapids; and provided ADA accessible vault toilets at Wild River, Whitewater, and Great River Bluffs State Parks. See Table 1 for the list of projects funded.

The Department of Natural Resources received \$2 million in Asset Preservation funding in FY06 and \$1 million in FY08. In CY 09, money from those appropriations funded roofing, building envelope, mechanical, plumbing and septic, and interior projects at state parks, hatcheries, and regional and field offices. See Table 2 for the list of projects funded.

2. Projects for which Natural Resource Asset Preservation and replacement appropriations will be sought in the FY10 legislative session:

DNR anticipates making a request for Asset Preservation funding in FY10 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

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