



DATE: January 15, 2020

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

FROM: Commissioner Alice-Roberts Davis, Department of Administration

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SUBJECT: Asset Preservation (AP) Summary Report for Calendar Year 2019

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 2019.

AP Summary Report Distribution:

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2019 ASSET PRESERVATION SUMMARY REPORT

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

Voice: 651-201-2550

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Cost to prepare this report: \$600

January 2020

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 6,000 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 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 uniform facility condition assessments completed by state agencies, under the oversight of the ERPP, identifies the state has a \$973 million in deferred maintenance backlog for state-owned properties and a \$2.14 billion need (over the course of 10 years) to keep up with aging systems, for a total asset preservation need of \$3.11 billion. That amount does not include the deferred maintenance and asset preservation needs at Minnesota State (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. Regular, planned 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

Admin has received the following asset preservation amounts since Fiscal Year (FY) 2005 for the repair of Capitol Complex buildings and infrastructure:

- \$2.5 million in FY05
- \$5 million in FY06
- \$8.075 million in FY10
- \$8.15 million in FY11
- \$0.500 million in FY12

Admin also receives and manages asset preservation appropriations on behalf of other state agencies that operate state facilities and create the funding requests. The following tables contain a summary of projects that have been funded with FY 2017 and FY 2018 asset preservation appropriations during calendar year 2019. The attached tables list the specific projects that received funding.

Table One

Projects funded in Calendar Year 2019 using the Fiscal Year 2017 appropriations

Agency and Project Number	Location	Description	Amount
Corrections			
78TH0036 *	THISTLEDEW	UPGRADE BARRACKS 1&2 BATHROOM	\$263,682
78SW0061 *	STILLWATER	REPLACE MSU HOT WATER SYSTEM	\$69,000
78ML0079 *	MOOSE LAKE	REPAIR POWERHOUSE SWITCH GEAR	\$47,666
78LL0038 *	LINO LAKES	ABATE MAYO BLDG MECH SYSTEM	\$1,835
Agency Total			\$382,183
MN State Academies			
44DA0033	DEAF ACADEMY	REPAIR UTILITY TUNNEL CORRECITON	\$350,000
44DA0034	DEAF ACADEMY	DESIGN TATE HALL	\$825,000
44BA0029	BLIND ACADEMY	REPAIR MSAB WALKS AND DRIVES	\$75,000
44DA0036	DEAF ACADEMY	REPAIR MSAB WALKS AND DRIVES	\$75,000
Agency Total			\$1,325,000
Grand Total			\$1,707,183

***Funded Projects in 2018 but not included in 2018 report.**

Table Two**Projects funded in Calendar Year 2019 using the Fiscal Year 2018 appropriations**

Agency and Project Number	Location	Description	Amount
Corrections			
78TH0040	THISTLEDEW CAMP	UPGRADE GENERATOR	\$361,000
78SH0041	SHAKOPEE	CONSTRUCT NOVELLO BLD ROOF	\$100,000
78FA0058	FAIRBAULT	UPGRADE SECURE CONTROL SYSTEM	\$169,650
78SW0068	STILLWATER	ABATE DINING & CONF. ROOM	\$23,000
78SW0069	STILLWATER	UPGRADE HOT WATER RETROFIT	\$200,000
78RC0021	RUSH CITY	UPGRADE SEWAGE SEPARATOR	\$2,000
78LL0044	LINO LAKE	REPAIR WATER TOWER	\$135,000
78ML0087	MOOSE LAKE	REPLACE BUILDING AUTOMATION SYSTEM	\$200,000
Agency Total			\$1,190,650
Human Services			
55SR0107	ST PETER	REPLACE OLD CENTER STEAM HEADER	\$129,000
55ML0021	MOOSE LAKE	REPLACE MAIN BLDG ROOF	\$2,700,000
55SR0086	ST PETER	ABATE JOHNSON HALL PREDEMO	\$35,000
55BR0021	BRAINERD	REMODEL BRAINERD BATHROOM	\$150,000
55SR0113	ST PETER	REPLACE OVERHAUL NB2 CHILLER	\$45,000
55SR0114	ST PETER	STUDY POWERPLANT HOT WATER	\$17,600
55SR0115	ST PETER	REPLACE BOILER BURNER	\$20,000
Agency Total			\$3,096,600
Veterans Affairs			
75LN0016	LUVERNE	RECONSTRUCT LUVERNE BITUMINOUS	\$365,000
75FF0014	FERGUS FALLS	REPAIR PARKING LOT AND SINK HOLES	\$365,000
75MP0082	MINNEAPOLIS	REPLACE PARKING ASPHALT	\$145,687
Agency Total			\$875,687
MN State Academies			
44DA0035	DEAF ACADEMY	REPLACE NOYES HALL CHILLER	\$285,000
44DA0037	DEAF ACADEMY	ABATE BOILER ROOM	\$6,500
44DA0038	DEAF ACADEMY	REPLACE DEAERATOR DA TANK	\$250,000
Agency Total			\$541,500
Grand Total			\$5,704,437

Priority Projects for which Asset Preservation Funding will be sought

During this year, agencies have prepared and submitted their 2020 asset preservation funding requests to Minnesota Management and Budget, which will be considered for inclusion in the Governor's capital investment proposal. Admin's preventative maintenance program for buildings under its custodial control is funded through lease payments and therefore, the department is not requesting asset preservation funding in 2020.