



DATE: January 15, 2009

TO: Tom Hanson, Commissioner, Minnesota Management & Budget
Legislators, per M.S. 16A.632, subd. 4, Distribution list attached

FROM: Dana B. Badgerow, Commissioner

SUBJECT: **2008 Capital Asset Preservation and Replacement Account (CAPRA)
Summary Report**

Pursuant to Minnesota Statutes 16A.632, Subdivision 4, enclosed is the Capital Asset Preservation and Replacement Account (CAPRA) Summary Report. This report is a list of projects funded from CAPRA appropriations during calendar year 2008.

Enclosures

c: Governor Tim Pawlenty
Legislative Reference Library (6)

Commissioner's Office
200 Administration Building, 50 Sherburne Avenue, St. Paul, MN 55155
Phone: 651.201.2555 / Fax: 651.297.7909

The Department of Administration is an Equal Opportunity Employer

CAPRA Summary Report Distribution:

Tom Hanson, Commissioner
Department of Finance
4th Floor Centennial Building

The Honorable Richard Cohen, Chair
Finance Committee
Minnesota State Senate
Room 121 State Capitol

The Honorable Linda Berglin, Chair
Health and Human Services Budget Division
Minnesota State Senate
Room 309 State Capitol

The Honorable Don Betzold, Chair
State Government Budget Division
Minnesota State Senate
Room 111 State Capitol

The Honorable Keith Langseth, Chair
Capital Investment Committee
Minnesota State Senate
Room 122 State Capitol

The Honorable Ellen R. Anderson, Chair
Environment, Energy, and Natural Resources
Budget Division
Minnesota State Senate
Room 120 State Capitol

The Honorable LeRoy A. Stumpf Chair
E-12 Education Budget Division
Minnesota State Senate
Room 208 State Capitol

The Honorable Linda Higgins, Chair
Public Safety Budget Division
Minnesota State Senate
Room 328 State Capitol

The Honorable Loren Solberg, Chair
Ways and Means Committee
Minnesota House of Representatives
Room 443 State Office Building

The Honorable Alice Hausman, Chair
Capital Investment Finance Committee
Minnesota House of Representatives
Room 453 State Office Building

The Honorable Thomas Huntley, Chair
Health Care and Human Services Finance
Division
Minnesota House of Representatives
Room 585 State Office Building

The Honorable Mindy Greiling, Chair
K-12 Education Finance Division
Minnesota House of Representatives
Room 381 State Office Building

The Honorable Michael Paymar, Chair
Public Safety Finance Division
Minnesota House of Representatives
Room 543 State Office Building

The Honorable Jean Wagenius, Chair
Environment and Natural Resources Finance
Division
Minnesota House of Representatives
Room 449 State Office Building

The Honorable Phyllis Kahn, Chair
State Government Finance Division
Minnesota House of Representatives
Room 365 State Office Building



CAPRA

SUMMARY REPORT

**Capital Asset Preservation and Replacement Account
Summary Report**

January 2009

This document can be made available in alternative formats, such as large print, Braille, or audio tape or disk upon request at TTY 1-800-627-3592 or by contacting:

**Department of Administration
Real Estate and Construction Services
Voice 651.201.2399
Fax 651.296.7650**

Cost to prepare this report: \$600

Table of Contents

Executive Summary..... **Page 1**

 Table One, FY05 Appropriation..... **Page 2**

 Table Two, FY06 Appropriation..... **Page 3**

 Exhibit A, 2008 CAPRA Request Narrative..... **Page 4**

Reporting requirements

Minnesota Statutes 16A.632, subd. 4, states the Commissioner of Administration shall submit:

- A list of the projects in each agency funded from the Capital Asset Preservation and Replacement Account (CAPRA) during the preceding calendar year
- A list of priority projects for which a CAPRA appropriations will be sought.

Funding summary

The Department of Administration received \$3.4 million in CAPRA funding in FY08 (Laws of 2008, Chapter 365, Section 3, subd. 3). A total of \$684,622 was expended from January 1, 2008 to December 31, 2008 as follows:

- FY08 CAPRA Appropriation: \$ 0
- FY06 CAPRA Appropriation: \$ 503,442
- FY05 CAPRA Appropriation: \$ 181,180

It is expected that the balance of the FY08 appropriation, \$ 3.4 million, and FY06 appropriation, \$597,804, will be used for emergencies and unanticipated hazardous materials abatement over the next year. All of the funds in the FY05 appropriations have been assigned to projects or have been expended.

Since CAPRA's creation in 1990, \$83.3 million has been appropriated for projects.

As of the date of this report, there have been no projects funded from the FY08 appropriation during the 2008 calendar year. Funds expended in calendar year 2008 from the FY05 and FY06 appropriations are noted in Tables One and Two, respectively.

For reference, the FY08 Capital Budget Request narrative is attached as Exhibit A.

History of the account and future considerations

Agencies in the past have had two sources of bonded funds available for facility maintenance: CAPRA dollars, as requested by Admin, and Asset Preservation money, as requested by each agency. The similarities of the two programs resulted in confusion among both users and those funding the requests. It also duplicated management efforts.

Because of this, in FY04, Admin proposed a Capital Budget Request for CAPRA dollars *only* for emergencies and unanticipated hazardous materials abatement. The amount of that request was \$5 million. Since then, projects formerly requesting CAPRA funding have been included in individual agency Asset Preservation requests. While this has increased the total dollar amount of agency Asset Preservation Capital Budget Requests, it has decreased the total dollar amount of CAPRA requests.

Admin typically requests CAPRA funding during bonding bill sessions (even-numbered years); attached is the Capital Budget Request for funding in FY08. Representative CAPRA-funded projects include asbestos and lead abatement, emergency roof and pipe repairs, fire damage repairs, and replacement of failed air conditioning, boiler and water heater units.

TABLE ONE
Projects funded in CY08 using the FY05 CAPRA appropriation

	Location	Description	Allocation	Agency Total
Administration				
Total				\$0.00
Department of Corrections				
78634LLC	Lino Lakes	Mold remediation on Bldg F-1	61,180.00	
Total				\$61,180.00
Minnesota State Academies				
Total				\$0.00
Minnesota Veterans Homes				
Total				\$0.00
Zoological Gardens				
Total				\$0.00
Perpich Center for Arts Education				
Total				\$0.00
Department of Natural Resources				
29417R2C	Region 2	Cascade River SP septic system	120,000.0 0	
Total				\$120,000.00
Grand Total				\$181,180.00

TABLE TWO
Projects funded in CY08 using the FY06 CAPRA appropriation

	Location	Description	Allocation	Agency Total
Department of Corrections				
Total				\$0.00
Minnesota State Academies				
44083DAC	Deaf Academy	Abate ACBM in laundry basement	43,441.81	
Total				\$43,441.81
Minnesota Veterans Homes				
Total				\$0.00
Perpich Center for Arts Education				
25048GVC	Golden Valley	Structural repair to GAIA building	100,000.00	
Total				\$100,000.00
Department of Human Resources				
Total				\$0.00
Iron Range Resources				
43041IWC	Ironworld	Replace amphitheater roof cables	100,000.00	
Total				\$100,000.00
MN Amateur Sports Commission				
9D002BLC	Amateur Sports Center	Reroof sports hall and café/dorm	260,000.00	
Total				\$260,000.00
Grand Total				\$503,441.81

**Administration, Department of
Project Narrative
Statewide CAPRA**

2008 State Appropriation Request: \$6,000,000 (\$3.4 million appropriated)

Agency Project Priority: 6 of 11

Project Location: State-owned Facilities throughout Minnesota (Emergency fund)

Project Description

CAPRA, established under M.S. 16A.632, is a statewide fund, centrally managed by Admin for use by state agencies. CAPRA funds support emergency repairs and unanticipated hazardous material abatement needs for state agency facilities.

(Note: Asset preservation capital budget requests are made by individual state agencies to address known facility repair and maintenance needs of the facilities under their custodial control, and should also not be confused with this request. Higher Education Asset Preservation and Replacement (HEAPRA) funding is requested separately by the Minnesota State Colleges and Universities and the University of Minnesota, and should also not be confused with this request).

Projects that have typically received CAPRA funding can be classified in three categories:

1. Emergencies of all kinds
2. Hazardous material abatement
3. Non-recurring, small repair and maintenance projects ranging in cost from \$25,000 to \$350,000.

As facility repair and maintenance needs outgrew the ability to fund them appropriately through CAPRA, individual agencies began making their own capital budget requests for asset preservation. Projects funded with these asset preservation funds were the same types of projects funded with CAPRA funds, but generally had a project cost of over \$350,000.

Given the parallel objectives of the asset preservation and CAPRA programs, and the need to more efficiently plan, manage, and complete projects, along with the potential cost-savings opportunities by bundling projects, the decision was made in FY 2004 to limit the types of projects funded by CAPRA to those of only emergency and immediate need, including unanticipated abatement. Agency asset preservation requests now fund eligible repair and maintenance projects costing between \$25,000 and \$350,000. As a result, CAPRA funding requests have decreased and agency asset preservation funding requests have increased.

State agencies served by the CAPRA program in the past include Administration, Perpich Center for Arts Education, Corrections, Employment and Economic Development, Minnesota Historical Society, Human Services, Military Affairs, Minnesota State Academies, Natural Resources, Veterans Homes Board (now part of Veterans Affairs) and the Minnesota Zoological Gardens.

Impact on Agency Operating Budgets

CAPRA funding provides rapid financial assistance to agencies for emergencies and unanticipated abatement needs. This preserves agency funds for ongoing operations and helps mitigate additional damage.

Previous Appropriations for this Project

Since the program was created in 1990, \$83.3 million has been appropriated for CAPRA projects through state bonding bills.

Recent Appropriations of \$3 million in 2005 and \$4 million in 2006 are approximately 90 percent expended as of Sept. 30, 2008.

Other Considerations

This CAPRA request does not fund known agency repair and maintenance projects. These types of projects are included in agency asset preservation requests, which are also deserving of funding. The amount of this request is based on historical spending as well as anticipated needs. Asset renewal continues to be an issue for the state, and adequately maintaining state facilities is imperative to support the delivery of service to government's customers, the taxpayers and citizens of Minnesota.

Although Admin has been projecting biennial CAPRA requests of \$5 million, based on historical emergency needs, we are requesting \$6 million in 2008 due to recent requirements for significant funding related to emergency work at the Capitol Complex Transportation Building, flooding in Southeast Minnesota, and hazardous material abatement at the Moose Lake Correctional Facility.