



DATE: January 8, 2010

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

FROM: *Sheila M. Reger*
Sheila M. Reger, Commissioner

SUBJECT: **2009 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 lists projects funded from CAPRA appropriations during calendar year 2009.

c: Governor Tim Pawlenty
Legislative Reference Library (6)

Enclosures

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CAPRA Summary Report Distribution:

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CAPRA
SUMMARY REPORT
Capital Asset Preservation and Replacement Account
Summary Report

January 2010

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Cost to prepare this report: \$600

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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 \$1,300,376 was expended from January 1, 2009 to December 31, 2009 as follows:

- FY08 CAPRA Appropriation: \$ 781,500
- FY06 CAPRA Appropriation: \$ 469,876
- FY05 CAPRA Appropriation: \$ 49,000

It is expected that the balance of the FY08 appropriation, \$2.6 million, and FY06 appropriation, \$39,215, 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.

Funds expended in calendar year 2009 from the FY05, FY06 and FY08 appropriations are noted in Tables One, Two and Three respectively.

For reference, the FY10 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 FY10. 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 CY09 using the FY05 CAPRA appropriation

	Location	Description	Allocation	Agency Total
Administration				
Total				\$0.00
Department of Corrections				
78781WRC	Willow River	Dining hall mercury floor abatement	24,000.00	
Total				\$24,000.00
Minnesota State Academies				
44102BAC	Blind Academy	Repair roof leaks on Tate and Noyes	25,000.00	
Total				\$25,000.00
Minnesota Veterans Homes				
Total				\$0.00
Zoological Gardens				
Total				\$0.00
Perpich Center for Arts Education				
Total				\$0.00
Department of Natural Resources				
Total				\$49,000.00

TABLE TWO
Projects funded in CY09 using the FY06 CAPRA appropriation

	Location	Description	Allocation	Agency Total
Department of Corrections				
78817MLC	Moose Lake	Abate power house windows	49,000.00	
Total				\$49,000.00
Minnesota State Academies				
44101FAC	Faribault	Replace hot water tank	100,000.00	
Total				\$100,000.00
Minnesota Veterans Homes				
75031HAC	Hastings	Emergency repair to well 3 pump	60,000.00	
Total				\$60,000.00
Perpich Center for Arts Education				
Total				\$0.00
Department of Natural Resources				
29418R2C	Region 2 - Ely	Repair International Wolf Center roof	260,876.00	
Total				\$260,876.00
Iron Range Resources				
Total				\$0.00
MN Amateur Sports Commission				
Total				\$0.00
Grand Total				\$469,876.00

TABLE THREE
Projects funded in CY09 using the FY08 CAPRA appropriation

	Location	Description	Allocation	Agency Total
Department of Corrections				
78730FAC	Faribault	Abate asbestos floor tiles in warehouse	40,000.00	
78807FAC	Faribault	Remove #6 oil tank and piping to meet fire code	300,000.00	
Total				\$340,000.00
Minnesota State Academies				
44100FAC	Faribault	Remove gasoline UST	50,000.00	
Total				\$50,000.00
Minnesota Veterans Homes				
Total				\$0.00
Perpich Center for Arts Education				
25055GVC	Golden Valley	Repair kitchen exhaust panels	31,500.00	
25059GVC	Golden Valley	Re-tube boiler due to corrosion	60,000.00	
Total				\$91,500.00
Department of Natural Resources				
29418R2C	Region 2 - Ely	Repair International Wolf Center roof	300,000.00	
Total				\$300,000.00
Iron Range Resources				
Total				\$0.00
Grand Total				\$781,500.00

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

2010 State Appropriation Request: \$5,000,000 (\$3.4 million appropriated in 2008)

Agency Project Priority: 5 of 6

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).

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.

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. The program helps to minimize the impact on the delivery of services and programs from unanticipated emergencies, to prevent or reduce additional damage to state facilities.

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 99 percent expended as of 12-31-2009. The 2008 Appropriation of \$3.4 million is approximately 23% expended.

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. To the degree that agency Asset Preservation requests are reduced, we can expect to see an uptick in emergency requests for CAPRA funding.

Although Admin has been projecting biennial CAPRA requests of \$5 million, based on historical emergency needs, events can trigger the need for additional funding to address emergencies. Projects that have typically received CAPRA funding include asbestos and lead abatement, emergency roof, pipe, and structural repairs, fire and water damage repairs, and replacement of failed HVAC, boiler, and water heater units.