



**Date:** January 15, 2021

**To:** Jim Schowalter, Commissioner, Minnesota Management & Budget  
Legislative Committee Chairs, per M.S. 16A.632, subd. 4 (distribution list attached)

**From:** Alice Roberts-Davis, Commissioner *ARD*

**RE: 2020 Capital Asset Preservation and Replacement Account (CAPRA)  
Summary Report**

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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 by CAPRA appropriations during calendar year 2020.

**Cc:** Governor Tim Walz  
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# **CAPRA SUMMARY REPORT**

**Capital Asset Preservation and Replacement Account  
Summary Report  
For Calendar Year 2020**

This document is in an accessible format and can also be made available in alternative formats, such as large print, Braille, or audio tape or disk upon request at TTY 1-800-627-3529 or by contacting:

Department of Administration  
Real Estate and Construction Services  
Voice 651-201-2550  
Fax 651-215-6245

Cost to prepare this report: \$600

## Reporting requirements

Minnesota Statutes 16A.632, subd. 4, requires that the Commissioner of Administration submit:

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

## Funding summary

The amount of bond proceeds appropriated to the CAPRA program is quite limited relative to the overall, urgent asset preservation needs of the state. Consequently, CAPRA funding is managed only to provide rapid financial assistance to agencies for emergencies and unanticipated hazardous material abatement needs. In doing so, the program aims to minimize the negative impact of facilities-related emergencies and unanticipated conditions on the delivery of services and programs by state agencies.

Since CAPRA's creation in 1990, \$104.5 million has been appropriated for projects. Examples of CAPRA-funded projects include asbestos and lead abatement, emergency roof and pipe repair, and replacement of failed air conditioning, boilers, and water heater units. As of January 1, 2020 the following appropriation is available for CAPRA projects:

- \$0.00 remains in the appropriation in fiscal year 2017 (Laws 2017, 1<sup>st</sup> Special Session, Chapter 8, Section 3).
- \$100,850.00 remains in the appropriation in fiscal year 2018 (Laws 2018, Article 1, Chapter 214, Section 12, Subdivision 2)
- \$4.5 million remains in the appropriation in fiscal year 2020 (Law 2020, 5<sup>th</sup> Special Session, Article 1, Section 12, Subdivision 2)

A total of \$2,862,886.86 was expended in calendar year 2020 (CY20), as follows:

- \$0.00 from 2020 Appropriation
- \$2,503,460.22 from 2018 Appropriation
- \$359,426.64 from the 2017 Appropriation

The current unspent balance in the CAPRA program is \$4,600,850.00; the current unencumbered balance is \$4,600,850.00. Of the unencumbered balance \$0.00 is committed to specific projects, leaving a balance of \$4,600,850.00 available for any new emergencies that arise. It should be noted, however, that urgent CAPRA requests often arise in the early part of the calendar year.

## History of the account

Past sporadic appropriations for CAPRA since 2002 are:

- 2020: \$4.5 million
- 2018: \$5 million
- 2017: \$5 million
- 2014: \$1 million
- 2012: \$1 million
- 2011: \$2.83 million
- 2010: \$2 million
- 2008: \$3.4 million
- 2006: \$4 million
- 2005: \$3 million
- 2002: \$14 million

Asset preservation has become an increasingly important challenge for state agency operations. Adequately maintaining state facilities is imperative to support the efficient and effective delivery of services and programs to our customers, the people of Minnesota. In particular, the lack of adequate funding to complete regular, planned preventative maintenance to state-owned properties increases the likelihood that CAPRA and agency asset preservation funds must be used to fix broken items rather than proactively maintain optimal building conditions.

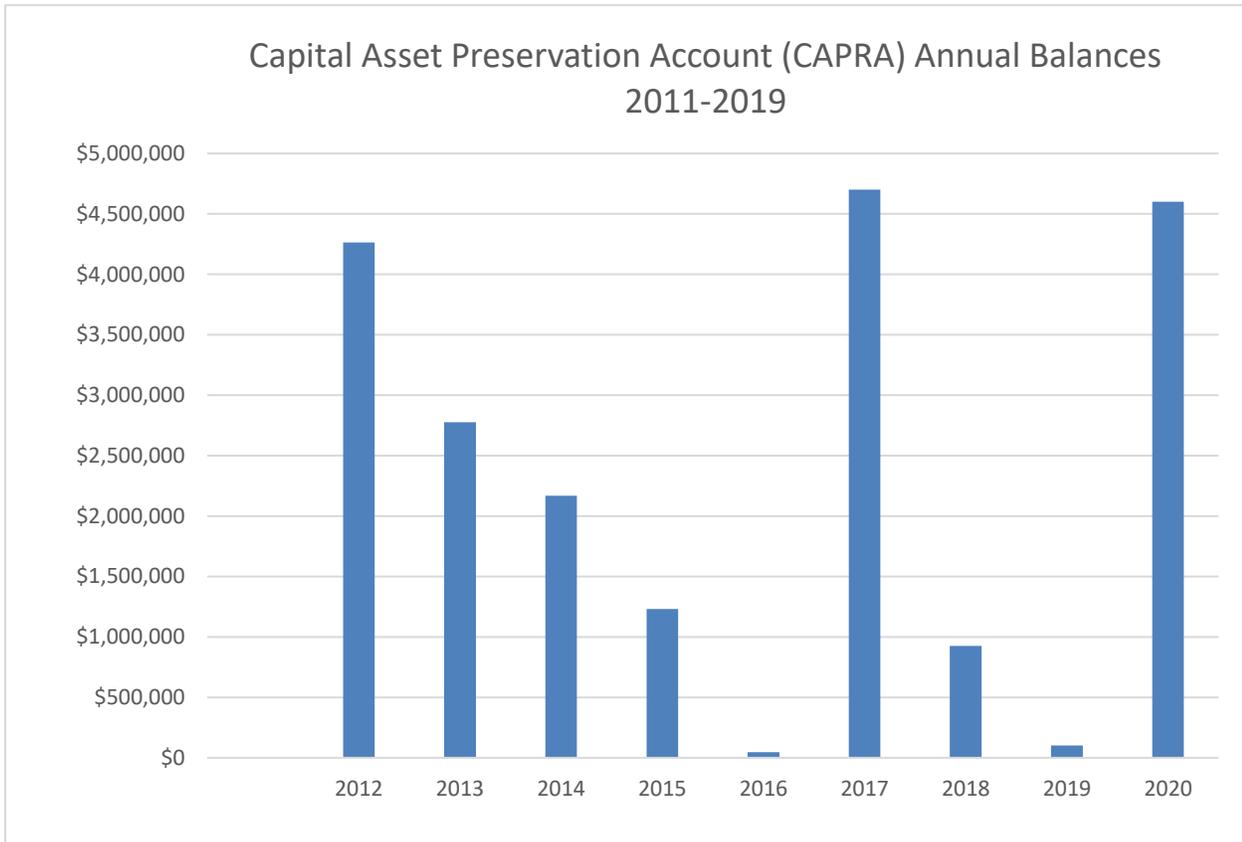
## Future considerations

Admin typically requests CAPRA funds during legislative bonding sessions (even-numbered years). In 2016, the Governor recommended \$2.5 million for 2016 and each subsequent biennium to replenish the account. However, no capital investment legislation was enacted and no CAPRA appropriations were made in 2016. In 2017 and 2018, the Governor recommended, and the legislature enacted, a \$5.0 million appropriation to CAPRA. Currently all CAPRA funds appropriated in 2017 and 2018 have been committed to projects. The fifth special session of the 2020 legislative session appropriated \$4.5 million in CAPRA funds.

The state has an \$1.21 billion in deferred maintenance backlog for state-owned properties and a \$2.05 billion need to keep up with aging systems over the next 10 years for a total asset preservation need of \$3.26 billion.

Agency requests for asset preservation have historically been funded at levels lower than recommended by the Governor. Chronic underfunding of asset preservation and irregular appropriation amounts make it difficult to efficiently plan for and keep up with routine maintenance, and increases the potential for emergency repairs, unsafe conditions, and lost asset value.

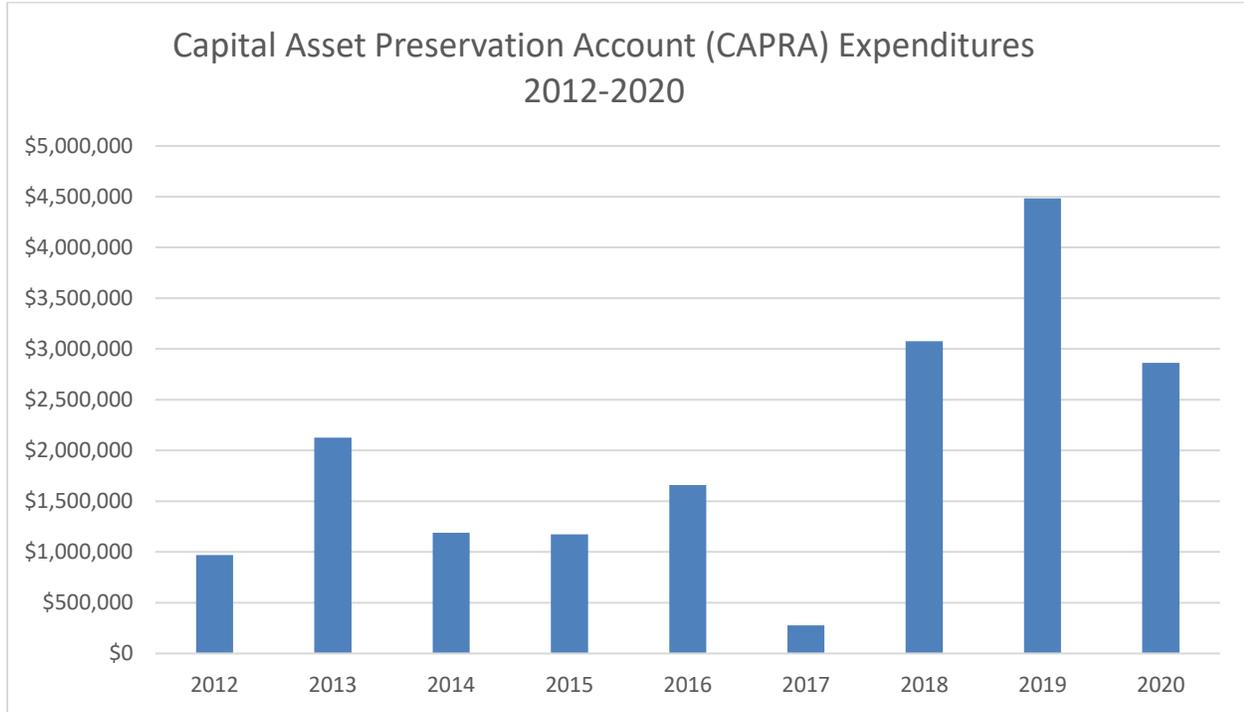
**Table 1: Capital Asset Preservation Account (CAPRA) Annual Balances 2012-2020**



2012	2013	2014	2015	2016	2017	2018	2019	2020
\$4,264,709	\$2,776,104	\$2,167,979	\$1,230,990	\$47,743	\$4,700,000	\$925,292	\$100,850	\$4,600,850

As shown in Table 2 below, with one exception, annual CAPRA expenditures exceeded \$2 million during any rolling two year period. Consequently, it is vital that the fund be maintained with a significant amount of funding in order to handle future emergency requests from state agencies.

**Table 2: Annual CAPRA Expenditures 2012-2020**



2012	2013	2014	2015	2016	2017	2018	2019	2020
\$970,422	\$2,126,032	\$1,188,813	\$1,175,127	\$1,660,626	\$277,753	\$3,076,283	\$4,484,414	\$2,862,887

**Priority projects for which funding will be sought**

Since CAPRA funds are now aimed primarily at addressing emergency and unanticipated needs, it is impossible to identify/prioritize specific projects for which funding will be sought. In general, the priority for CAPRA spending is as follows:

1. Emergencies of any kind
2. Hazardous material abatement
3. Non-recurring, small repair and maintenance projects.

State agencies served by the CAPRA program in recent years include Admin, Corrections, Human Services, Perpich Center for the Arts, Minnesota State Academies, Commerce, and Veterans Affairs.

No new projects were funded in CY20 from 2017 and 2018 appropriations.