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CAPRA
SUMMARY REPORT
Capital Asset Preservation and Replacement Account
Summary Report

January 2006



DATE: January 15, 2006

TO: Peggy Ingison, Commissioner
Department of Finance

Legislators, per M.S. 16A.632, subd. 4, Distribution list attached

FROM: Dana B. Badgerow, Commissioner

SUBJECT: **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 2005.

Enclosures

cc: Governor Tim Pawlenty
Legislative Reference Library (6)

CAPRA Summary Report Distribution:

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CAPRA
SUMMARY REPORT
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for example, large print, Braille, or cassette tape, upon request
at TTY 651.297.1545 or by contacting

Department of Administration
State Architects Office
Voice 651.201.2399
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Cost to prepare this report: \$600

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CAPRA Report Executive Summary

REPORTING REQUIREMENTS

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

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

FUNDING SUMMARY

The Department of Administration received \$3 million in CAPRA funding in FY05. This replenished the account, which was at zero and was unfunded following the failed bonding bill of FY04. A total of \$992,760 was distributed to State agencies in CY2005 from FY05 funds. It is expected that the balance of the FY05 appropriation will be used for emergencies and unanticipated hazardous materials abatement as they occur in the remainder of FY05.

Since the program was created in 1990, \$75.9 million has been appropriated for CAPRA projects; other than the current appropriation, all funds have been expended.

The specific projects funded from the FY05 appropriation during the 2005 calendar year are described in Table One. The FY06 Capital Budget Request narrative is attached as Exhibit A.

HISTORY OF THE ACCOUNT AND FUTURE CONSIDERATIONS

In the past, agencies 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.

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

Admin's FY04 CAPRA Capital Budget Request was funded at \$3 million as part of the FY05 Capital Bonding Bill. Admin's FY06 CAPRA Capital Budget Request is \$5 million.

Typical projects for which CAPRA funding is used 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 CY05 using the FY05 CAPRA appropriation

	Location	Description	Allocation	Agency Total
Administration				
	Capitol Complex	Unanticipated abatement at COB Ramp	\$136,475.00	
	Total			\$136,475.00
Department of Corrections				
	Faribault	Unanticipated abatement at vacuum pump	\$155,000.00	
	St. Cloud	Unanticipated abatement at windows in Segregation Unit	\$82,800.00	
	Stillwater	Unanticipated abatement of pipe coverings and insulation in main tunnel	\$276,750.00	
	Total			\$514,550.00
Department of Human Services				
	St Peter RTC	Unanticipated abatement of tunnel piping	\$341,735.00	
	Total			\$341,735.00
	Grand Total			\$992,760.00

**Administration, Department of
Statewide CAPRA**

Project Narrative

2006 State Appropriation Request: \$5,000,000

Agency Project Priority: 2 of 10

Project Location: Statewide

Project Description

CAPRA, established under M.S. 16A.632, is a statewide fund, centrally managed by Admin for use by state agencies. The Higher Education Asset Preservation and Renewal Account (HEAPRA) is requested separately by the Minnesota State Colleges and Universities and the University of Minnesota, and should not be confused with this request. Asset Preservation Capital Budget Requests that are requested by individual state agencies to address the known facility repair and maintenance needs of the facilities under their custodial control, should also not be confused with this request.

Projects that have typically received CAPRA funding have fallen into three categories: Emergencies of all kinds, hazardous material abatement, and 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 be adequately funded by CAPRA, individual agencies began making Capital Budget Requests for Asset Preservation. Projects done with these Asset Preservation funds were the same types of projects done with CAPRA funds, but generally had a project cost of over \$350,000.

Given the parallel nature of the Asset Preservation and CAPRA programs, and the need to more efficiently plan, manage, and complete projects, and the potential cost savings opportunities to bundle projects together, a decision was made in FY04 to limit the types of projects funded by CAPRA to emergency and unanticipated abatement only. Agency Asset Preservation requests will now fund repair and maintenance projects costing between \$25,000 and \$350,000. This has decreased the amount of funding requested for CAPRA, and increased the amount of funding requested by agencies for asset preservation projects

State agencies served by this request in the past include Administration, Center for Arts Education, Corrections, Employment and Economic Development, Historical Society, Human Services, Military Affairs, State Academies, Natural Resources, Veterans Homes Board, and the Minnesota Zoological Gardens.

Impact on Agency Operating Budgets (Facilities Notes)

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

Previous Appropriations for this Project

Since the program was created in 1990, \$75.9 million has been appropriated for CAPRA projects through state bonding bills.

Other Considerations

This CAPRA request does not fund any known agency repair and maintenance projects, making it imperative that agency Asset Preservation requests be funded. The amount of this request is based on historical spending as well as anticipated needs. Asset renewal continues to be an issue, and adequately maintaining state facilities is imperative to support the delivery of service to our customers, the taxpayers and citizens of Minnesota.