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**DATE:** February 7, 2019

**TO:** Myron Frans, Commissioner, Minnesota Management & Budget  
Legislator Committee Chairs, per M.S. 16A.632, subd. 4  
(Distribution list attached)

**FROM:** Alice Roberts-Davis, Commissioner

**SUBJECT:** **2018 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 by CAPRA appropriations during calendar year 2018.

cc: Governor Tim Walz  
  
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# CAPRA SUMMARY REPORT

Capital Asset Preservation and Replacement Account  
Summary Report  
For Calendar Year 2018

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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

## **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, \$100.13 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. Recent projects using CAPRA funds are shown in Tables 3 and 4. As of January 1, 2019 the following appropriation is available for CAPRA projects:

- \$925,291.51 remains in the appropriation in fiscal year 2018 (Laws 2018, Article 1, Chapter 214, Section 12, Subdivision 2)

A total of \$ 3,076,282.74 was expended in calendar year 2018 (CY18), as follows:

- \$24,384.60 from 2018 CAPRA appropriation
- \$2,828,225.61 from the 2017 Appropriation
- \$223,672.53 from the 2014 appropriation

The current unspent balance in the CAPRA program is \$925,291.51 available for any new emergencies that arise with a remaining unencumbered balance of \$3,149,416.98 committed to specific projects. It should be noted, however, that urgent CAPRA requests often arise in the early part of the calendar year.

## **History of the account**

Appropriations for CAPRA since 2002 are:

- 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.

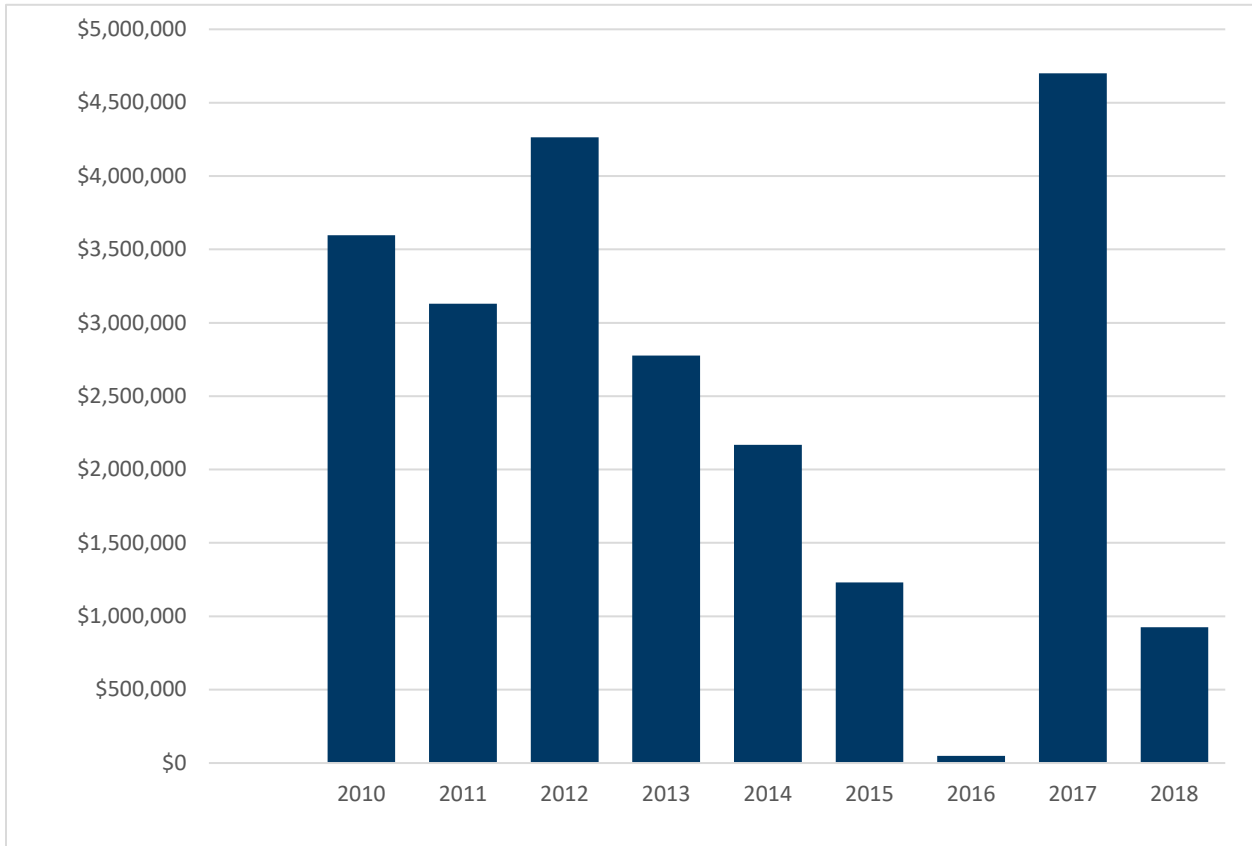
### **Future considerations**

The uniform facility condition assessments completed by state agencies, under the oversight of the Enterprise Real Property Program, identifies the state has a deferred maintenance backlog for state-owned properties of \$1.6 billion. That amount does not include the deferred maintenance and asset preservation needs at Minnesota State 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. It is also worth noting that 41 years is the average age of state-owned buildings. 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.

### **Expenditure Trends and Declining CAPRA Balances**

Demand for CAPRA funds outpaced appropriations through 2018 resulting in a declining CAPRA balance. As illustrated in Table 1, by the end of 2018, the balance had declined to the point that it will likely be insufficient to fully respond to emergency repair needs over the coming year.

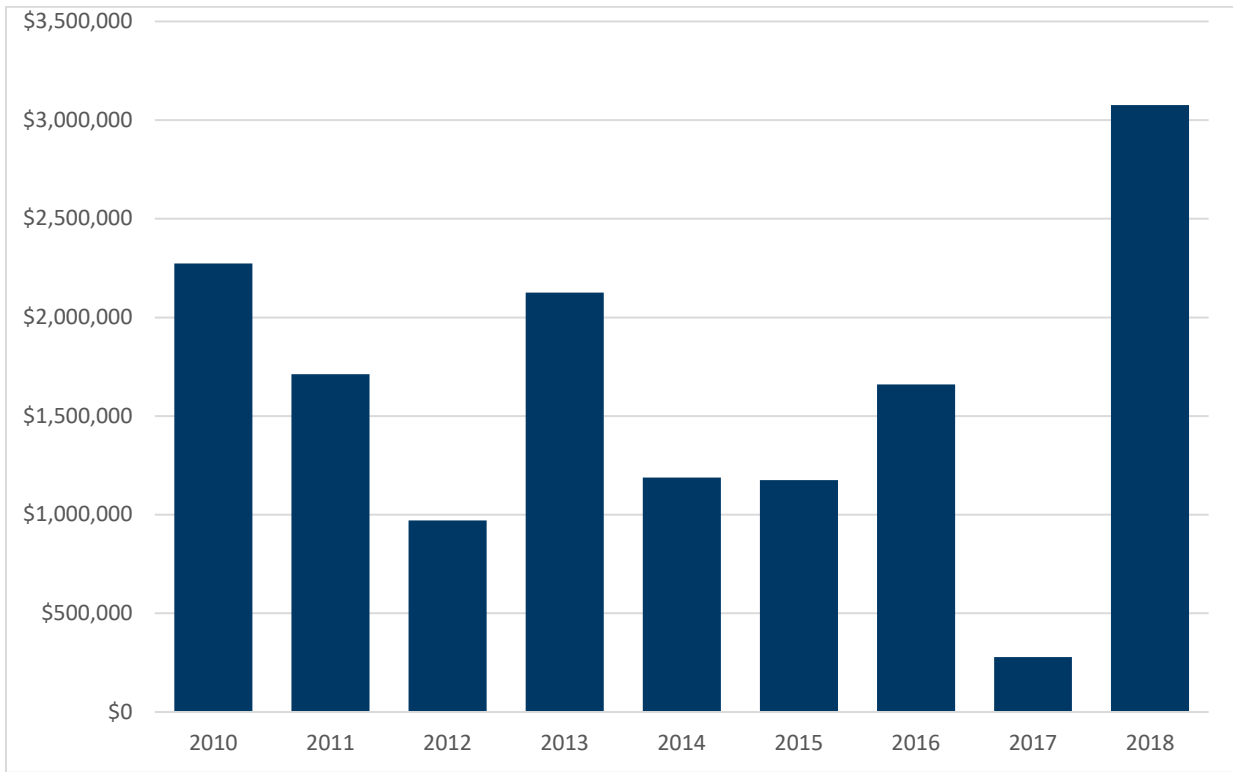
**Table 1: Capital Asset Preservation Account (CAPRA) Annual Balances 2010-2018**



2010	2011	2012	2013	2014	2015	2016	2017	2018
\$3,597,227	\$3,130,348	\$4,264,709	\$2,776,104	\$2,167,979	\$1,230,990	\$47,743	\$4,700,000	\$925,292

As shown in Table 2 below, with one exception, annual CAPRA expenditures exceeded \$2.5 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 2010-2018**



2010	2011	2012	2013	2014	2015	2016	2017	2018
\$2,274,140	\$1,712,788	\$970,422	\$2,126,032	\$1,188,813	\$1,175,127	\$1,660,626	\$277,753	\$3,076,283

**Projects funded in CY18 from fiscal years 2014, 2017, and 2018 appropriations**

Projects funded in CY18 from 2014, 2017, and 2018 appropriations are noted in the following attached Tables 3 through 5. Note that these amounts are total dollars committed but not yet fully expended.

**Table 3: Projects funded in Calendar Year 2018 using the Fiscal Year 2014 appropriation (\$1.00 Million appropriated)**

Agency and Project Number	Location	Description	Amount
Vets Home Board   75SB0020	Silver Bay	Correct Life Safety	\$24,680.24
Agency Total			\$24,680.24
Grand Total-All Agencies			\$24,680.24



**Table 4: Projects funded in Calendar Year 2018 using the Fiscal Year 2017 appropriation (\$5.00 million appropriated)**

<b>Agency and Project Number</b>	<b>Location</b>	<b>Description</b>	<b>Amount</b>
<b>Administration</b>			
02BC0028	BCA Maryland	Replace Lab Sinks Drainage	\$75,000.00
02AH0002	Fleet \$ Surplus	Construct Water-Sewer Connect	\$650,000.00
Agency Total			\$725,000.00
<b>Corrections</b>			
78SC0066	St. Cloud	Install Kitchen Fire Sprinkler	\$492,300.00
78TH0034	Thistledeew	Roof Kitchen and CD Services	\$120,000.00
78LL0038	Lino Lakes	Abate Mayo Bldg Mech Sys	\$365,000.00
78ML0078	Moose Lake	Repair Storm Sewer at Lake	\$95,000.00
78ML0079	Moose Lake	Repair Powerhouse Switch Gear	\$200,000.00
Agency Total			\$1,272,300.00
<b>MN State Academies</b>			
44DA0027	Deaf Academy	Replace Noyes Elevator Controls	\$36,146.00
44DA0028	Deaf Academy	Replace Campus Fire Panels	\$220,000.00
44BA0026	Blind Academy	Replace Main Water Meters	\$20,000.00
Agency Total			\$276,146.00
<b>Vets Home Board</b>			
75SB0020	Silver Bay	Correct Life Cycle Code	\$500,000.00
75HA0028	Hastings	Repair B23 & B25 Exterior Walls	\$260,000.00
75MP0069	Minneapolis	Construct Dental Clinic Abatement	\$65,000.00
75HA0034	Hastings	Replace Primary Transformer	\$130,539.45
Agency Total			\$955,539.45
<b>IRRRB</b>			
43CH0004	Chisholm	Replace Exterior Windows	\$70,000.00
43CH0005	Chisholm	Replace Cooling Tower	\$109,895.51
43CH0006	Chisholm	Stabilize Ajax Mine Embankment	\$1,208,000.00
Agency Total			\$1,387,895.51
Grand Total-All Agencies			\$4,616,880.96

**Table 5: Projects funded in Calendar Year 2018 using the Fiscal Year 2018 appropriation (\$5.00 million appropriated)**

<b>Agency and Project Number</b>	<b>Location</b>	<b>Description</b>	<b>Amount</b>
<b>Administration</b>			
02LB0017	Lab Building	Complete M&E Commissioning	\$2,000,000.00
02AH0002	Fleet \$ Surplus	Construct Water-Sewer Connect	\$150,000.00
<b>Agency Total</b>			<b>\$2,150,000.00</b>
<b>Center for Arts Education</b>			
25GV0025	Golden Valley	Replace Delta Dorm Roof and Siding	\$803,604.00
<b>Agency Total</b>			<b>\$803,604.00</b>
<b>Corrections</b>			
78LL0079	Moose Lake	Repair Powerhouse Switch Gear	\$906,000.00
<b>Agency Total</b>			<b>\$906,000.00</b>
<b>IRRRB</b>			
43CH0005	Chisholm	Replace Cooling Tower	\$15,104.49
<b>Agency Total</b>			<b>\$15,104.49</b>
<b>Commerce</b>			
13SP0002	Saint Paul	Repairs SP Master Scale Building	\$150,000.00
<b>Agency Total</b>			<b>\$150,000.00</b>
<b>Grand Total-All Agencies</b>			<b>\$4,024,708.49</b>