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# Capital Asset Preservation and Replacement Account (CAPRA) Summary Report

Calendar Year 2023

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Cost to prepare this report: \$800



**Date:** January 15, 2024

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

**From:** Tamar Gronvall, Commissioner *Tamar Gronvall*

**RE: Capital Asset Preservation and Replacement Account (CAPRA)  
Summary Report for Calendar Year 2023**

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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 2023.

**cc:** Governor Tim Walz  
Legislative Reference Library

## CAPRA Summary Report Distribution

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# Capital Asset Preservation and Replacement Account

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The Capital Asset Preservation and Replacement Account (CAPRA) is appropriated funds for the following uses:

1. unanticipated emergencies of all kinds involving impacts to state-owned property;
2. major projects to address life safety for existing buildings and sites, including but not limited to security, replacement of mechanical and other building systems, building code violations, or structural defects;
3. removal or containment of hazardous substances like asbestos or PCBs;
4. major projects to replace and repair roofs, windows, tuckpointing, and structural members necessary to preserve the exterior and interior of existing buildings; and
5. up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

## Reporting Requirements

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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

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The amount of bond proceeds appropriated to the CAPRA program is limited relative to the overall asset preservation needs of the state. Specific capital bonding projects and agency operating funds are used to manage other longer-term asset preservation needs. Consequently, CAPRA funding is prioritized 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.

The CAPRA appropriation received in the 2023 legislative session (\$9 million) was the largest since 2002. Since 2002, a total of \$54.73 million has been appropriated for CAPRA 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.

**A. CAPRA Funds available (as of January 1, 2024)**

As of January 1, 2024, a total of \$10,294,918 are remaining from the following appropriations:

<b>Appropriation Source</b>	<b>Amount remaining</b>
Fiscal Year 2018	\$0
Fiscal Year 2020	\$1,384,919
Fiscal Year 2023	\$8,910,000
<b>Total</b>	<b>\$10,294,919</b>

(2018 appropriation: Laws 2018, Article 1, Ch. 214, Sec. 12, Subd. 2; 2020 appropriation: Laws 2020, 5<sup>th</sup> Special Session, Ch. 3, Art. 1, Sec. 12, Subd. 2; 2023 appropriation: Law 2023, Ch. 72, Art. 1, Sec. 12, Subd. 2)

**B. CAPRA Funds expended (Calendar Year 2023)**

A total of \$2,089,898 was expended in calendar year 2023, as follows:

<b>Appropriation Source</b>	<b>Amount expended</b>
Fiscal Year 2018	\$40,187
Fiscal Year 2020	\$2,049,711
Fiscal Year 2023	\$0
<b>Total</b>	<b>\$2,089,898</b>

**C. CAPRA Funds remaining for future needs**

The current unspent balance in the CAPRA program is \$11,444,446. The current unencumbered balance in the CAPRA program is \$10,294,919. Of the unencumbered balance \$0.00 is currently committed to specific projects, leaving a balance of \$10,294,919 available for any new emergencies that arise. CAPRA requests by their nature are unpredictable, although often arise in the early part of the calendar year.

## History of the Account

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Below is a list of CAPRA appropriations since 2002, excluding years where no CAPRA was appropriated:

2023: \$9.0 million	2011: \$2.83 million
2020: \$4.5 million	2010: \$2 million
2018: \$5 million	2008: \$3.4 million
2017: \$5 million	2006: \$4 million
2014: \$1 million	2005: \$3 million
2012: \$1 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.

## Deferred Maintenance Backlog

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The Department of Administration (Admin) maintains a database of (approximately 6,100) state-owned buildings as required by Minnesota Statutes 16A.633. Admin’s Enterprise Real Property Program (ERPP) was created by the legislature with the intent that the program assists state agencies to consistently inventory and rate the condition of all state-owned property, as well as to assist in strategically managing state real property assets. While the creation of an enterprise property database enhanced the ability of agencies to evaluate and prioritize asset preservation needs, leveraging that data and ERPP framework to ensure best practices in state property asset management is greatly restrained by limited staff capacity, which currently amounts to 2.0 full-time equivalents.

The uniform facility condition assessments completed by state agencies, under the oversight of the ERPP, identifies the state has an \$1.63 billion in adjusted deferred maintenance backlog for state-owned properties and a \$2.92 billion need to keep up with aging systems over the next 10 years, for a total asset preservation need of \$4.55 billion. That amount does not include the deferred maintenance and asset preservation needs at Minnesota State and the University of Minnesota. Further, the ERPP data reflects that delaying needed property maintenance results in higher costs to restore and maintain buildings in an optimal condition. For example, the average deferred maintenance cost per system is \$54,000 for buildings in “fair” condition, versus \$198,000 for buildings in “crisis” condition.

## Future Considerations

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Admin regularly requests CAPRA funds during legislative bonding sessions (even-numbered years). In 2018, the Governor recommended \$5.0 million in CAPRA funds; the legislature appropriated \$5.0 million. In 2020, the Governor recommended \$10.0 million in CAPRA funds; the legislature appropriated \$4.5 million. In 2022, the Governor recommended \$7.5 million in CAPRA funds; no capital investment legislation was enacted that year. In 2023, the Governor recommended \$9.0 million in CAPRA funds; the legislature appropriated \$9.0 million.

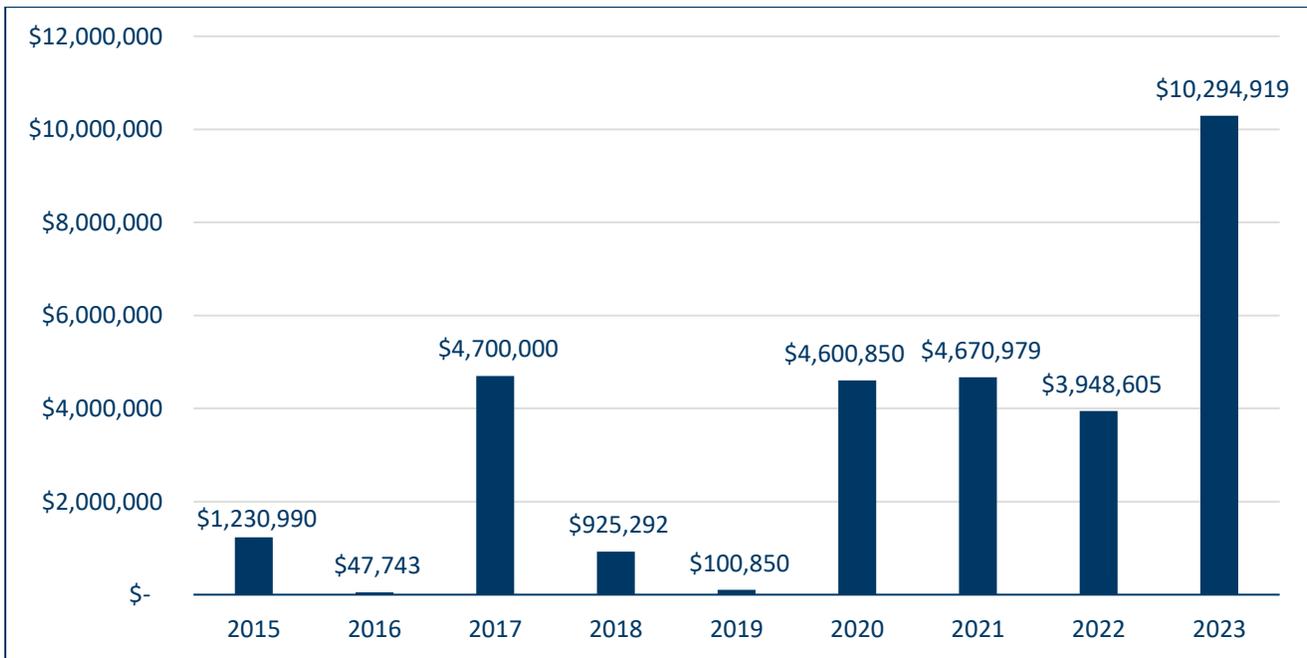
Agency requests for asset preservation have historically been funded at levels lower than recommended by the Governor. Chronic underfunding of asset preservation and irregular appropriation amounts make it difficult to efficiently plan for and keep up with routine maintenance, and increases the potential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

## CAPRA Balances and Expenditures

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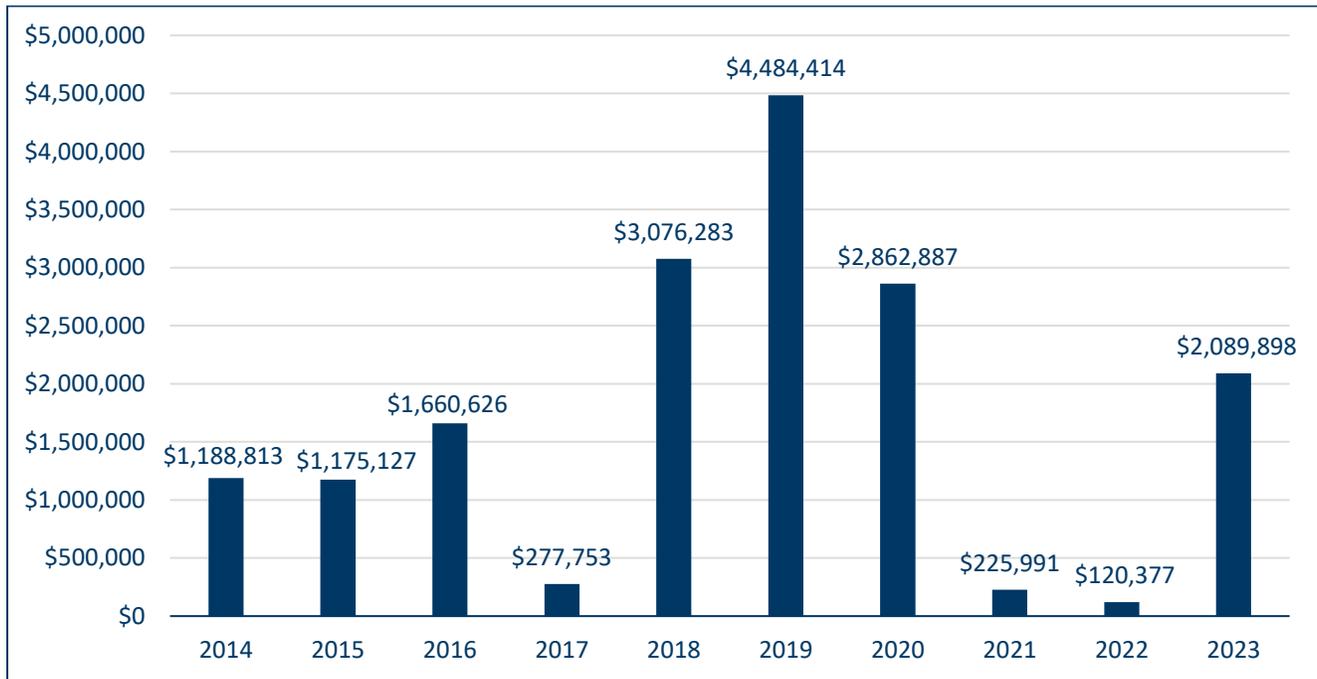
Chart 1 below identifies the annual CAPRA balances as of January 1 on the identified years and offers a snapshot of the funds the state has available to address unanticipated building emergencies.

**Chart 1: Capital Asset Preservation Account (CAPRA) Annual Balances 2015-2023**



As shown in Chart 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 to handle future emergency requests from state agencies.

**Chart 2: Annual CAPRA Expenditures 2014-2023**



CAPRA funds are aimed primarily at addressing emergency and unanticipated needs, thus it is impossible to identify or 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

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

# Funded Projects

Table 1: Projects funded in Calendar Year 2023 using the Fiscal Year 2020 appropriation

Agency and Project Number	Location	Description	Amount
<b>Administration</b>			
02AH0002	Arden Hills	Construct Water Sewer Connect	277,000
02AD0029	Administration	Repair Ramp Inground Pipe	1,608,000
02CP0139	Capitol Complex	Secure Stairwell 14 <sup>th</sup> St Ramp	84,032
<b>Agency Total</b>			<b>\$1,969,032</b>
<b>Agriculture</b>			
04LB0001	MDA Lab Bldg	Repair L216 & L217 Mechanical	24,000
<b>Agency Total</b>			<b>\$24,000</b>
<b>Corrections</b>			
78FA0087	Faribault	Abate Vehicle Shop & Dairy House	50,000
78LL0060	Lino Lakes	Repair Sewer Line	125,000

78LL0063	Lino Lakes	Replace 13800v Electrical Feed	125,000
78RW0049	Red Wing	Reroof Knox Bldg	480,000
78SC0081	St. Cloud	Repair Water Line	63,324
<b>Agency Total</b>			<b>\$843,324</b>
<b>Human Services</b>			
55SR0162	St. Peter's Regional	Replace Roof Voc Shop	450,000
<b>Agency Total</b>			<b>\$450,000</b>
<b>State Academies</b>			
44DA0047	Deaf Academy	Repair Roof Structural	200,000
<b>Agency Total</b>			<b>\$200,000</b>
<b>National Sports Center</b>			
9DBE0001	Blaine	Replace Chiller & Lift Station	488,005
<b>Agency Total</b>			<b>488,005</b>

<b>Public Safety</b>			
07PM0001	Plymouth	Replace Exam Controls	60,000
<b>Agency Total</b>			<b>60,000</b>
<b>Veteran's Affairs</b>			
75HA0056	Hastings	Repair Steam Leak	350,000
75MP0107	Minneapolis	Repair Lift Station, Bldg 15	250,000
75MP0108	Minneapolis	Replace Steam Traps & Boiler	500,000
<b>Agency Total</b>			<b>\$1,100,000</b>
<b>Grand Total-All Agencies</b>			<b>\$5,134,361</b>

**Table 2: Projects funded in Calendar Year 2023 using the Fiscal Year 2023 appropriation**

<b>Agency and Project Number</b>	<b>Location</b>	<b>Description</b>	<b>Amount</b>
<b>None</b>			